Northern Natural Gas
A BERKSHIRE HATHAWAY ENERGY COMPANY

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August 30, 2019

Cathie Chiccine
Attorney, Office of Regional Counsel
U.S. Environmental Protection Agency, Region 7
11201 Renner Boulevard
Lenexa, Kansas 66219

Re: Request for Information Pursuant to Section 104 of CERCLA
Citizens Gas & Electric Former Manufactured Gas Plant, Council Bluffs, Iowa
EPA File ID: 984569093

Dear Ms. Chiccine:

First, thank you for your agreement to allow Northern Natural Gas Company until August 30, 2019, to research and respond to the above-referenced Request for Information ("RFI").

Northern Natural Gas Company is an indirect subsidiary of Berkshire Hathaway Energy Company. As explained in this letter and in the attached responses to the RFI questions (together, the "Response"), Northern Natural Gas Company never owned or operated the site or Facility (as defined in the RFI). Northern Natural Gas Company provides its Response subject to the objections stated herein.

Objections

Northern Natural Gas Company has several general objections to the form and content of the RFI. Northern Natural Gas Company objects to the information request on the grounds that it is unduly burdensome and overly broad, is vague and unclear concerning its scope, requires that legal conclusions be made, and seeks information beyond the scope of EPA's authority under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") section 104(e).

Northern Natural Gas Company also objects to this RFI to the extent that it asks for information that is subject to the attorney-client privilege or other applicable privilege, or which constitutes protected attorney work product, or which is otherwise not discoverable.

Where the questions in the RFI are vague, ambiguous, overly broad, or beyond the scope of EPA authority, Northern Natural Gas Company has made appropriate and reasonable efforts to interpret the questions and provide responsive information to the best of its ability. Northern

Natural Gas Company has made a diligent and reasonable effort to seek out and obtain information and documents in response to the RFI.

Northern Natural Gas Company's submission of the enclosed information is made without waiver of any objections or rights even if not asserted herein, and should not be construed as and is not an admission of liability under state or federal law. Further, Northern Natural Gas Company reserves the right to supplement this response, as appropriate.

Corporate History

Northern Natural Gas Company provides the following corporate history as background for its Response. This information is provided to the best of the undersigned's information and belief.

- An entity named "Northern Natural Gas Company" was originally incorporated in Delaware April 25, 1930.
- Peoples Natural Gas Company operated as a division of Northern Natural Gas Company until Northern Natural Gas Company became InterNorth, Inc. by name change March 28, 1980. (*See* Attachment A).
- Northern Natural Gas Company and Peoples Natural Gas Company then operated as separate divisions of InterNorth, Inc.
- The assets of Peoples Natural Gas Company, Division of InterNorth, Inc., d/b/a HNG/InterNorth, including any interest in the site and Facility, were conveyed to UtiliCorp United, Inc. December 20, 1985.
- InterNorth, Inc. became Enron Corporation April 17, 1986. (See Attachment B).
- Enron Holdings, Inc. was incorporated in Delaware July 14, 1986. (*See* Attachment C).
- Enron Holdings, Inc. became Northern Natural Gas Company by name change April 11, 1990. (*See* Attachment D).
- The assets of Northern Natural Gas Company, a division of Enron Corp. were conveyed to Northern Natural Gas Company, December 31, 1990. (*See* Attachment E, General Conveyance, Assignment and Bill Of Sale, Vol 1 of 2)
- The assets of Northern Natural Gas Company were conveyed to Dynegy, Inc. February 1, 2002.
- The assets of Northern Natural Gas Company were conveyed by Dynegy, Inc. to MidAmerican Energy Holdings Company August 16, 2002. (*See* Attachment F).
- MidAmerican Energy Holdings Company became Berkshire Hathaway Energy Company by name change April 30, 2014. (*See* Attachment G).

Accordingly, references to "Northern Natural Gas Company" in this Response *prior to* April 11, 1990, are to the entity which became InterNorth, Inc. and later Enron Corp. References to "Northern Natural Gas Company" *after* April 11, 1990, are to the entity that was formerly Enron

Holdings, Inc., obtained the assets of Northern Natural Gas Company December 31, 1990, from Enron Corp., and exists today as an indirect subsidiary of Berkshire Hathaway Energy Company.

Because of this corporate history, Northern Natural Gas Company has no records related to the Facility. The Facility was part of the transfer of the Peoples Natural Gas Company assets from InterNorth, Inc. to UtiliCorp United, Inc. in 1985. As noted in this Response, records related to this transaction and the Facility would be held by the successors to InterNorth, Inc. and UtiliCorp United, Inc.

After you have reviewed this Response, please let me know if you have any further questions.

Sincerely,

James R. Talcott
Assistant General Counsel

RESPONSE OF NORTHERN NATURAL GAS COMPANY
TO
REQUEST FOR INFORMATION
CITIZENS GAS & ELECTRIC FORMER MANUFACTURED GAS PLANT, COUNCIL BLUFFS, IOWA
EPA FILE ID: IAD 984569093

August 30, 2019

1. Regarding the acquisition of the Facility by Northern Natural Gas from Council Bluffs Gas Company in approximately 1960:

    a. Identify whether the transaction consisted of a merger, consolidation, sale or transfer of assets, or other type of acquisition. If the transaction was another type of acquisition, please identify the type of acquisition;

    RESPONSE: Unknown. See 1(b) below.

    b. Provide all documents relating to such transaction, including documents pertaining to any agreements, express or implied, for the purchasing corporation to assume any or all liabilities of the selling corporation; and

    RESPONSE: None. Because the Facility was part of the assets of the Peoples Natural Gas Company division of Northern Natural Gas, which later became InterNorth, Inc. by name change, and the assets of Peoples Natural Gas Company were acquired by UtiliCorp United, Inc from InterNorth, Inc., d/b/a HNG InterNorth, Northern Natural Gas believes the records related to the Facility remain with Peoples Natural Gas Company and/or InterNorth, Inc. and their successors.

    c. Identify the majority shareholders, officers, and directors of both companies at the time of the transaction and for five years following the transaction.

    RESPONSE: Unknown.

2. Regarding the acquisition of Council Bluffs Gas Company by Northern Natural Gas in approximately 1964:

    a. Identify whether the transaction consisted of a merger, consolidation, sale or transfer of assets, or other type of acquisition. If the transaction was another type of acquisition, please identify the type of acquisition;

    RESPONSE: Unknown. See 1(b) below.

    b. Provide all documents relating to such transaction, including documents pertaining to any agreements, express or implied, for the purchasing corporation to assume any or all liabilities of the selling corporation; and

RESPONSE: Unknown. Records would likely be held by successors to InterNorth, Inc. and/or UtiliCorp United, Inc.

c. Identify the majority shareholders, officers, and directors of both companies at the time of the transaction and for five years following the transaction.

RESPONSE: Unknown.

3. Regarding the acquisition of Northern Natural Gas by Dynegy, Inc. in approximately 2001:

a. Identify whether the transaction consisted of a merger, consolidation, sale or transfer of assets, or other type of acquisition. If the transaction was another type of acquisition, please identify the type of acquisition;

RESPONSE: Unknown.

b. Provide all documents relating to such transaction, including documents pertaining to any agreements, express or implied, for the purchasing corporation to assume any or all liabilities of the selling corporation; and

RESPONSE: Records would likely be held by successors to Enron Corp. and/or Dynegy, Inc.

c. Identify the majority shareholders, officers, and directors of both companies at the time of the transaction and for five years following the transaction.

RESPONSE: Unknown.

4. Regarding the acquisition of Northern Natural Gas by MidAmerican Energy Holdings in approximately 2002:

a. Identify whether the transaction consisted of a merger, consolidation, sale or transfer of assets, or other type of acquisition. If the transaction was another type of acquisition, please identify the type of acquisition;

RESPONSE: Stock purchase.

b. Provide all documents relating to such transaction, including documents pertaining to any agreements, express or implied, for the purchasing corporation to assume any or all liabilities of the selling corporation; and

RESPONSE: *See* Attachment F.

c. Identify the majority shareholders, officers, and directors of both companies at the time of the transaction and for five years following the transaction.

RESPONSE: *See* Attachment H. Unknown for Dynegy.

5. Identify the current status of Northern Natural Gas, including the current company name, ownership, whether it has dissolved itself into any other corporation, subsidiary, division or other entity, and if so, identify the entities. Regarding such transaction:

    a. Identify whether each transaction consisted of a merger, consolidation, sale or transfer of assets, or other type of acquisition;

    RESPONSE: *See* chronology in cover letter. Northern Natural Gas Company is an indirect subsidiary of Berkshire Hathaway Energy Company.

    b. Provide all documents relating to each transaction, including documents pertaining to any agreements, express or implied, for the purchasing corporation to assume any or all liabilities of the selling corporation; and

    RESPONSE: None since the acquisition by MidAmerican Energy Holdings.

    c. Identify the majority shareholders, officers, and directors of both companies at the time of the transaction and for five years following the transaction.

    RESPONSE: Not Applicable; *see* response to 5(a) and 5(b).

6. Identify the current status of Dynegy Inc., including the current company name, ownership, whether it has dissolved itself into any other corporation, subsidiary, division or other entity, and if so, identify the entities. Regarding such transaction:

    a. Identify whether each transaction consisted of a merger, consolidation, sale or transfer of assets, or other type of acquisition;

    RESPONSE: Unknown

    b. Provide all documents relating to each transaction, including documents pertaining to any agreements, express or implied, for the purchasing corporation to assume any or all liabilities of the selling corporation; and

    RESPONSE: Unknown

    c. Identify the majority shareholders, officers, and directors of both companies at the time of the transaction and for five years following the transaction.

    RESPONSE: Unknown

7. Identify the current status of MidAmerican Energy Holdings Company, including the current company name, ownership, whether it has dissolved itself into any other corporation, subsidiary, division or other entity, and if so, identify the entities. Regarding such transaction:

    a. Identify whether each transaction consisted of a merger, consolidation, sale or transfer of assets, or other type of acquisition;

RESPONSE: MidAmerican Energy Holdings Company became Berkshire Hathaway Energy Company April 30, 2014, by name change.

b. Provide all documents relating to each transaction, including documents pertaining to any agreements, express or implied, for the purchasing corporation to assume any or all liabilities of the selling corporation; and

RESPONSE: *See* Attachment G.

c. Identify the majority shareholders, officers, and directors of both companies at the time of the transaction and for five years following the transaction.

RESPONSE: The shareholders, officers and directors did not change with the name change. See Attachment I for the current officers and directors of Berkshire Hathaway Energy Company.

8. If Northern Natural Gas has had any changes in company name, ownership or structure or has obtained an interest in or dissolved itself of an interest in any other corporation, subsidiary, division or other entity, other than those transactions identified in the responses above, identify such transaction. State if the transaction consisted of a name change, merger, consolidation, or sale and transfer of assets, and submit all documents relating to such transactions, including all documents pertaining to any agreements, express or implied, for the purchasing corporation to assume the liabilities of the selling corporation.

RESPONSE: None. *See* Response to #5 above.

9. If you are aware of any other person or entity with information responsive to this request, please identify such persons.

RESPONSE: Enron Corp., UtiliCorp United, Inc. and their successors

ATTACHMENT A

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION OF NORTHERN NATURAL GAS COMPANY

NORTHERN NATURAL GAS COMPANY, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

ONE: That at a meeting of the Board of Directors of said corporation duly held and convened, resolutions were duly adopted setting forth proposed amendments to the Certificate of Incorporation of said corporation and declaring said amendments advisable and directing that said amendments be submitted to the Common stockholders for consideration and approval. The resolutions setting forth the proposed amendments are as follows:

"RESOLVED, that in the judgment of the Board of Directors of the Company it is deemed advisable to amend Article I of the Certificate of Incorporation of the Company so as to change the name of the Company to InterNorth, Inc., and to that end Article I be changed to read as follows:

"The name of this corporation is InterNorth, Inc."

"RESOLVED, that in the judgment of the Board of Directors of the Company it is deemed advisable to amend the first paragraph of Article IV of the Certificate of Incorporation of the Company so it will be and read in its entirety as follows:

"The total number of shares of all classes of stock which this corporation (hereinafter in this Article IV referred to as the "Corporation") shall have authority to issue is sixty-six million five hundred thousand (66,500,000), of which one million five hundred thousand (1,500,000) shares are to be Preferred Stock, par value $100 per share (hereinafter called the "Preferred Stock"), five million (5,000,000) shares are to be Second Preferred Stock, par value $1 per share (hereinafter called the "Second Preferred Stock"), and sixty million (60,000,000) shares are to be Common Stock, par value $10 per share (hereinafter called the "Common Stock")."

"RESOLVED, that the foregoing recommendations to amend the Certificate of Incorporation of the Company be submitted to the Common stockholders of the Company for consideration and approval at the 1980 Annual Stockholders Meeting to be held on March 27, 1980."

TWO: That thereafter, pursuant to the aforesaid resolutions of its Board of Directors, the Annual Stockholders Meeting of said corporation was duly called and held, at which Meeting a majority of the Common stock of said corporation outstanding on the record date for such meeting was voted affirmatively in favor of the amendment of Article I and the first paragraph of Article IV.

THREE: That the capital of said corporation will not be reduced under or by reason of said amendment.

FOUR: That said amendment was duly adopted in accordance with the provisions of the Delaware Code of 1967, as amended, Title 8, Chapter 1, Section 242.

IN WITNESS WHEREOF, said corporation has caused its corporate seal to be hereunto affixed and this Certificate to be signed by S. F. Segnar, its President, and attested by R. H. Wood, its Assistant Secretary, this 27th day of March, 1980.

NORTHERN NATURAL GAS COMPANY

By S. F. Segnar
President

NORTHERN NATURAL GAS COMPANY
1930
CORPORATE SEAL
DELAWARE

Attest:
By R. H. Wood
Assistant Secretary

STATE OF NEBRASKA)
) SS.
COUNTY OF DOUGLAS)

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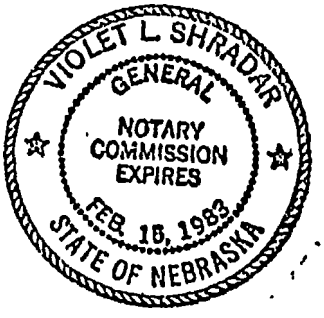
BE IT REMEMBERED that on this 27th day of March, 1980, personally came before me, a Notary Public in and for the County and State aforesaid, S. F. Segnar, President, and R. H. Wood, Assistant Secretary, of Northern Natural Gas Company, a Delaware corporation, the corporation described in and which executed the foregoing certificate, known to me personally to be such, and that, the said S. F. Segnar, as such President, and the R. H. Wood, as such Assistant Secretary, duly executed said certificate before me and acknowledged the said certificate to be their act and deed and the act and deed of said corporation; that the signatures of the said President and of the Assistant Secretary of said corporation to said foregoing certificate are in the handwriting of the said President and Assistant Secretary of said corporation respectively, that the seal affixed thereto is the corporate seal of said corporation, that their act of executing said certificate was duly authorized by the Directors and Common stockholders, respectively, of said corporation, and that the facts stated therein are true.

GIVEN under my hand and notarial seal this 27th day of March, A.D., 1980.



Violet L. Shradar
Notary Public

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State of DELAWARE

Office of SECRETARY OF STATE

I, Glenn C. Kenton *Secretary of State of the State of Delaware, do hereby certify that the above and foregoing is a true and correct copy of*

Certificate of Amendment of the "NORTHERN NATURAL GAS COMPANY", as received and filed in this office the twenty-eighth day of March, A.D. 1980, at 8:30 o'clock A.M.

In Testimony Whereof, *I have hereunto set my hand and official seal at Dover this* twenty-eighth *day of* March *in the year of our Lord one thousand nine hundred and* eighty.

RECEIVED FOR RECORD
MAR 28 1980
LEO J. DUGAN, Jr., Recorder

Glenn C. Kenton

Glenn C. Kenton, Secretary of State

FORM 121

Certificate of Incorporation
As Amended
InterNorth, Inc.

ARTICLE I

The name of this corporation is InterNorth, Inc.

ARTICLE II

The principal office of this corporation in the State of Delaware is located at Number 100 West Tenth Street in the City of Wilmington, County of New Castle. The name and address of its resident agent is The Corporation Trust Company, Number 100 West Tenth Street, Wilmington, Delaware.

ARTICLE III

The nature of the business of this corporation, or the objects or purposes to be transacted, promoted or carried on by it are as follows, namely:

1. To buy, lease, construct, lay or otherwise acquire, to sell, mortgage, lease or otherwise dispose of, and/or to extend, improve, maintain, develop and operate the following properties, or any of them, namely:

(a) Works, plants, wells, tanks, pipe lines, conduits, compressor stations and other equipment, for the production, purification, storage, transportation, distribution, exchange and/or sale of natural and/or manufactured gas for light, heat, power and any other use to which gas is or may be applied.

(b) Works, plants, water powers, dams, poles, transmission and distribution lines, conduits and subways for the generation, supply, storage, transmission, distribution and/or sale of electricity for light, heat, power and any other use to which electricity is or may be applied; and to acquire, construct, maintain and operate systems of water works for the supply of water.

(c) Works, plants, pipe lines and conduits for the production, supply, storage, transportation, distribution and/or sale of steam or hot water, for heat, power or any other use to which either steam or hot water is or may be applied.

2. To prospect and explore for, work, develop and mine, oil, natural gas, coal, and, without limitation by the preceding enumeration, other minerals; to sink, dig, drill and drive wells and mines for the production of minerals; to locate, acquire, purchase, develop, own, sell, mortgage or otherwise dispose of any lands or any interest in lands containing or believed to contain oil, natural gas, coal or other minerals; to acquire by purchase or by contract oil production, oil royalties, natural gas production, casing-head gas production and gas royalties, and to sell or otherwise dispose of the same.

3. To establish, acquire, construct, operate and maintain refineries and plants for the refining and treatment of oil, natural gas, casing-head gas and all of the products and by-products thereof; to establish, acquire, construct, operate and maintain refineries and plants for the manufacture of gasoline and other products from coal, shale and other minerals; to construct, acquire, operate and maintain plants for the manufacture of gas of any description for heat, light, power and/or other purposes.

4. To enter into, maintain, operate or carry on in all its branches the business of mining and of drilling, boring and exploring for, producing, refining, treating, distilling, manufacturing, handling and dealing in, buying and selling petroleum, oil, natural gas, asphaltum, bitumen, bituminous rock and any and all other mineral and hydrocarbon substance, and any and all products or by-products which may be derived from said substances or any of them; and for such or any of such purposes to buy, exchange, contract for, lease and in any and all other ways acquire, take, hold and own and to sell, mortgage, lease and otherwise dispose of, and to construct, acquire, manage, maintain, deal in and operate mines, wells, refineries, tanks, machinery, wharves, steam, sailing and other vessels or watercraft of every kind, character and description, and otherwise to construct, acquire, maintain, establish, deal in, operate, carry on, conduct and manage any and all other property and appliances that may in anywise be deemed advisable in connection with the business of this corporation or any branch thereof, or that may be deemed convenient at any time by the Board of Directors of this corporation.

5. To do engineering and contracting for hire or profit in the designing, construction, improvement, extension, maintenance and repair of gas plants, gas pipe lines, electric plants and other public utility

plants and systems, including the pipe lines, pole lines, conduits and other appurtenances thereto appertaining; also, in the drilling, developing and operating of oil and gas wells.

6. To manufacture, purchase or otherwise acquire, own, mortgage, pledge, sell, assign and transfer, or otherwise dispose of, to invest, trade and deal in and deal with goods, wares and merchandise and real and personal property of every class and description.

7. To acquire, and pay for in cash, stock, bonds, and/or obligations of this corporation or otherwise, the good will, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities, of any person, firm, association or corporation.

8. To buy, exchange, construct, contract for, lease and in any and all other ways to acquire, take, hold and own pipe lines and also telegraph and telephone lines useful or necesssry, in the judgment of the Board of Directors of this corporation, for its own business, and to improve, maintain and operate the same, and to sell, mortgage, lease or otherwise dispose of the same.

To have and to exercise the right and power of eminent domain.

9. To buy, acquire, sell, mortgage and otherwise deal in patents and licenses, and to take, acquire, hold, sell, lease, mortgage and otherwise dispose of franchises, franchise rights, and Federal, State and municipal grants of every character, which this corporation may deem advantageous in the prosecution of its business or in the maintenance, operation or extension of its properties.

10. To borrow money and to issue bonds, debentures, notes and other evidences of indebtedness of this corporation, from time to time, and without limit as to amount, for any lawful corporate purpose, and to mortgage, pledge and otherwise charge any or all of its properties, rights, privileges and franchises to secure the payment thereof, or to issue such bonds, debentures, notes and other evidences of indebtedness without any such security.

11. To lend money; to purchase, acquire, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of and deal in shares of the capital stock, bonds, debentures, notes or other securities of any other corporation or association, whether domestic or foreign, and whether now or hereafter organized, and while the holder of any such shares or other securities, to exercise all the right and privileges of ownership, including the right to vote thereon to the same extent as a natural person might or could do; and to deal in stocks and securities either as an agent or broker or otherwise.

12. To purchase, hold, sell, exchange, transfer or otherwise deal in shares of its own capital stock, bonds or other obligations from time to time to such extent and in such manner and upon such terms as its Board of Directors shall determine; provided that this corporation shall not use any of its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of the capital of this corporation, except as otherwise permitted by law; and provided, further, that shares of its own capital stock belonging to this corporation shall not be voted upon directly or indirectly.

13. To promote or to aid in any manner, financially or otherwise, any corporation or association, any stocks, bonds or other evidences of indebtedness or securities of which are held directly or indirectly by this corporation; and for this purpose to guarantee the contracts, dividends, stocks, bonds, notes and other obligations of such other corporations or associations; and to do any other acts or things designed to protect, preserve, improve or enhance the value of such stocks, bonds or other evidences of indebtedness or securities.

14. To carry on any other lawful business whatsoever which may seem to this corporation capable of being carried on in connection with the above, or calculated directly or indirectly to promote the interest of this corporation or to enhance the value of its properties, and to have, enjoy and exercise all the rights, powers and privileges which are now or which may hereafter be conferred upon corporations organized under an Act of the Legislature of Delaware entitled "An Act Providing a General Corporation Law," approved March 10, 1899, and the Acts now or hereafter amendatory thereof and supplemental thereto; and to do any or all of the things hereinbefore set forth to the same extent as natural persons might or could do.

15. To conduct its business (including holding, exchanging, mortgaging and conveying of real and personal property) in the State of Delaware, other States, the District of Columbia, the territories and colonies of the United States and in foreign countries, and to maintain such offices either within or without the State of Delaware, as may be convenient.

The foregoing clauses shall be construed both as objects and powers; and the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of this corporation.

ARTICLE IV

The total number of shares of all classes of stock which this corporation (hereinafter in this Article IV referred to as the "Corporation") shall have authority to issue is sixty-six million five hundred thousand (66,500,000), of which one million five hundred thousand (1,500,000) shares are to be Preferred Stock, par value $100 per share (hereinafter called the "Preferred Stock"), five million (5,000,000) shares are to be Second Preferred Stock, par value $1 per share (hereinafter called the "Second Preferred Stock"), and sixty million (60,000,000) shares are to be Common Stock, par value $10 per share (hereinafter called the "Common Stock").

The voting powers, designations, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, of the Preferred Stock, the Second Preferred Stock and the Common Stock, in addition to those set forth elsewhere herein, are as follows:

A. (1) The Preferred Stock may be issued from time to time in one or more series. All shares of Preferred Stock shall be of equal rank and shall be identical, except in respect of the particulars that may be fixed by the Board of Directors as hereinafter provided pursuant to authority which is hereby expressly vested in the Board of Directors; and each share of each series shall be identical in all respects with the other shares of such series, except as to the date from which dividends thereon shall be cumulative. Before any shares of Preferred Stock of any particular series shall be issued, the Board of Directors shall fix, and is hereby expressly empowered to fix, in the manner provided by law, the following provisions of the shares of such series:

(a) The distinctive designation of such series and the number of shares which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors in creating such series) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(b) The annual rate of dividends payable on shares of such series and the date from which dividends shall be cumulative on all shares of such series;

(c) The redemption price or prices, if any, for shares of such series;

(d) The terms of a sinking or purchase fund, if any, for shares of such series;

(e) The amount payable on shares of such series in the event of any voluntary liquidation, dissolution or winding up of the affairs of the Corporation;

(f) The rights, if any, of the holders of shares of such series to convert such shares into shares of stock of the Corporation of any class or of any series of any class and the terms and conditions of such conversion; and

(g) The voting powers, full or limited, if any, of shares of such series, including, without limitation, any requirements for the approval or consent of the holders of any prescribed percentage of the shares of such series with respect to any specific corporate action in addition to any such requirements appertaining to the shares of all series specifically provided herein, and any other preferences, and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof,

so far as not inconsistent with the provisions of this Article IV A applicable to all series of Preferred Stock and to the full extent now or hereafter permitted by the laws of Delaware. Shares of Preferred Stock shall be issued only as fully paid and non-assessable shares.

(2) The holders of the Preferred Stock of each series, in preference to the holders of any junior stock, shall be entitled to receive, as and when declared by the Board of Directors out of any funds legally available therefor, cash dividends, at the rate for such series fixed in accordance with the provisions of subdivision (1) of this Article IV A, and no more, payable quarterly on the first days of January, April, July and October, respectively, in each year, with respect to the quarterly period ending on the day preceding each such respective payment date, except that the first dividend on the initial issue of any series of the Preferred Stock shall be payable on the quarterly dividend payment date next succeeding the expiration of thirty days after the date any shares of such series are issued. Such dividends shall be cumulative, in the case of shares of each particular series, from the date fixed for the purpose by the Board of Directors, as provided in subdivision (1) of this Article IV A.

No dividend shall be paid upon, or declared or set apart for, any share of Preferred Stock for any quarterly dividend period unless at the same time a like proportionate dividend for the same quarterly dividend period, ratably in proportion to the respective annual dividend rates fixed therefor, shall be paid upon, or declared and set apart for, all shares of Preferred Stock of all series then issued and outstanding and entitled to receive such dividend.

(3) In no event, so long as any shares of Preferred Stock shall be outstanding, shall any dividend, whether in cash or property, be paid or declared, nor shall any distribution be made, on any junior stock, nor shall any shares of any junior stock be purchased, redeemed or otherwise acquired for value by the Corporation, nor shall the Corporation permit any distribution to be made or shares purchased, redeemed or otherwise acquired by any subsidiary, unless all dividends on the Preferred Stock of all series for all past quarterly dividend periods and for the then current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set apart, and unless the Corporation shall not be in arrears with respect to any sinking fund for any series of Preferred Stock. The foregoing provisions of this subdivision (3) shall not, however, apply to a dividend payable in any junior stock, or to the acquisition of shares of any junior stock in exchange for, or through application of the proceeds of the sale of, shares of any other junior stock.

Subject to the foregoing and to any further limitations prescribed in accordance with the provisions of subdivision (1) of this Article IV A, the Board of Directors may declare, out of any funds legally available therefor, dividends upon the then outstanding shares of any junior stock, and no holders of shares of Preferred Stock of any series shall be entitled to share therein.

(4) In the event of any voluntary liquidation, dissolution or winding up of the affairs of the Corporation, then, before any distribution or payment shall be made to the holders of any junior stock, the holders of the Preferred Stock shall be entitled to be paid in full the respective amounts fixed in accordance with the provisions of subdivision (1) of this Article IV A, together with accrued dividends to such distribution or payment date whether or not earned or declared. In the event of any involuntary liquidation, dissolution or winding up of the affairs of the Corporation, then, before any distribution or payment shall be made to the holders of any junior stock, the holders of the Preferred Stock shall be entitled to be paid in full an amount equal to $100 per share, together with accrued dividends to such distribution or payment date whether or not earned or declared. If such payment shall have been made in full to the holders of the Preferred Stock, the remaining assets and funds of the Corporation shall be distributed among the holders of the junior stock, according to their respective rights and preferences and in each case according to their respective shares. If, upon any liquidation, dissolution or winding up of the affairs of the Corporation, the amounts so payable are not paid in full to the holders of all outstanding shares of Preferred Stock, the holders of all series of Preferred Stock shall share ratably in any distribution of assets in proportion to the full amounts to which they would otherwise be respectively entitled. Neither the consolidation or merger of the Corporation, nor the sale, lease or conveyance of all or a part of its assets, shall be deemed a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of the foregoing provisions of this subdivision (4) or of subdivision (7) of this Article IV A.

(5) Subject to the provisions of subdivision (7) of this Article IV A, the Preferred Stock of any series may be redeemed, as a whole or in part, at the option of the Corporation, by vote of its Board of Directors, or in the case of any one or more series, for the purpose of any sinking fund or other requirement for any such series fixed by the Board of Directors pursuant to the provisions of subdivision (1) of this Article IV A, at any time or from time to time, at the applicable redemption price for such series fixed in accordance with the provisions of subdivision (1) of this Article IV A, together with accrued dividends to the redemption date, whether or not earned or declared. If less than all the outstanding shares of Preferred Stock of any series are to be redeemed, the shares to be redeemed shall be determined by lot or pro rata in such manner as the Board of Directors may prescribe.

Notice of every redemption of Preferred Stock shall be mailed, addressed to the holders of record of the shares to be redeemed at their respective addresses as they shall appear on the stock books of the Corporation (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption), and notice shall also be published at least once in one daily newspaper printed in the English language and published and of general circulation in the Borough of Manhattan, The City of New York, the first publication and such mailing to be at least thirty days and not more than sixty days prior to the date fixed for redemption.

If notice of redemption shall have been duly published and if, on or before the redemption date specified in the notice, the redemption price, together with accrued dividends to the date fixed for redemption, whether or not earned or declared, shall have been set aside by the Corporation, separate and apart from its other funds, in trust for the pro rata benefit of the holders of the shares so called for redemption, so as to be and continue to be available therefor, then, from and after the date of redemption so designated, notwithstanding that any certificate for shares of Preferred Stock so called for redemption shall not have been surrendered for cancellation, the shares represented thereby shall no longer be deemed outstanding, the dividends thereon shall cease to accumulate, and all rights with respect to the shares of Preferred Stock so called for redemption shall forthwith on the redemption date cease and terminate, except only the right of the holders thereof to receive the redemption price of the shares so redeemed, including accrued dividends to the redemption date, but without interest.

The Corporation may also, at any time prior to the redemption date, deposit in trust, for the account of the holders of the Preferred Stock to be redeemed, with a bank or trust company in good standing, organized under the laws of the United States of America or of the State of New York, doing business in the Borough of Manhattan, The City of New York, having capital, surplus and undivided profits aggregating at least Five Million Dollars ($5,000,000), designated in the notice of redemption, the redemption price, together with accrued dividends to the date fixed for redemption, whether or not earned or declared, and, unless the notice of redemption herein provided for has previously been duly mailed and published, deliver irrevocable written instructions directing such bank or trust company, on behalf and at the expense of the Corporation, to cause notice of redemption specifying the date of redemption to be duly mailed and publication of the notice to be made as herein provided promptly upon receipt of such irrevocable instructions. Upon such deposit in trust, either after due mailing and publication of the notice of redemption or accompanied by irrevocable instructions as provided above, notwithstanding that any certificate for shares of Preferred Stock so called for redemption shall not have been surrendered for cancellation, all shares of Preferred Stock with respect to which the deposit shall have been made shall no longer be deemed to be outstanding, and all rights with respect to such shares of Preferred Stock shall forthwith cease and terminate except only the right of the holders thereof to receive from such bank or trust company, at any time after the time of the deposit, the redemption price, including accrued dividends to the redemption date, whether or not earned or declared, but without interest, of the shares so to be redeemed, and the right to exercise, on or before the date fixed for redemption, privileges of conversion or exchange, if any, not theretofore expiring.

Any moneys deposited by the Corporation pursuant to this subdivision (5) which shall not be required for the redemption because of the exercise of any such right of conversion or exchange subsequent to the date of the deposit shall be repaid to the Corporation forthwith. Any other moneys deposited by the Corporation pursuant to this subdivision (5) and unclaimed at the end of six years from the date fixed for redemption shall be repaid to the Corporation upon its request expressed in a resolution of its Board of Directors, after which repayment the holders of the shares so called for redemption shall look only to the Corporation for the payment thereof.

(6) The holders of Preferred Stock shall have no right to vote except as otherwise herein or by statute specifically provided, except for such full or limited voting powers as may be fixed by the Board of Directors in respect of the shares of a particular series in accordance with the provisions of subdivision (1) of this Article IV A.

If, at any time, dividends payable on the Preferred Stock shall be in default in an amount equivalent to six full quarterly dividends on all shares of all series of the Preferred Stock at the time outstanding, then, the holders of the Preferred Stock of all series, voting separately as a class, shall be entitled to elect two Directors of the Corporation. When all such dividends in default shall have been so paid or funds sufficient therefor deposited in trust (and such dividends in default shall be so paid as soon as lawful and reasonably practicable out of any assets of the Corporation available therefor), the holders of the Preferred Stock shall be divested of such voting rights, but subject always to the same provisions for the vesting of such voting rights in the holders of the Preferred Stock in the case of any future such dividend default or defaults.

The foregoing right of the holders of the Preferred Stock with respect to the election of Directors of the Corporation may be exercised at any annual meeting of stockholders or, within the limitations hereinafter provided, at a special meeting of stockholders held for such purpose. If the date upon which such right of the holders of the Preferred Stock shall become vested shall be more than ninety days preceding the date of the next ensuing annual meeting of stockholders as fixed by the By-Laws of the Corporation, the President of the Corporation shall, within ten days after delivery to the Corporation at its principal office of a

request to such effect signed by the holders of at least five per cent (5%) of the Preferred Stock then outstanding, call a special meeting of stockholders to be held within forty days after the delivery of such request for the purpose of electing a new Board of Directors to serve until the next annual meeting and until their successors shall be elected and shall qualify. Notice of such meeting shall be mailed to each stockholder entitled to vote thereat not less than ten days prior to the date of such meeting. The term of office of all Directors of the Corporation shall terminate at the time of any such meeting held for the purpose of electing a new Board of Directors, notwithstanding that the term for which such Directors had been elected shall not then have expired. In the event that at any such meeting at which holders of the Preferred Stock shall be entitled to elect two Directors, a quorum of the holders of such Preferred Stock shall not be present in person or by proxy, the holders of the Common Stock, if a quorum thereof be present, may temporarily elect the Directors whom the holders of the Preferred Stock were entitled but failed to elect, such Directors to be designated as having been so elected and their term of office to expire at such time thereafter as their successors shall be elected by the holders of the Preferred Stock as herein provided.

Whenever the holders of Preferred Stock shall be entitled to elect two Directors, any holder of such Preferred Stock shall have the right, during regular business hours, in person or by duly authorized representative, to examine and to make transcripts of the stock records of the Corporation for the Preferred Stock for the purpose of communicating with other holders of such Preferred Stock with respect to the exercise of such right of election.

Whenever the holders of Preferred Stock shall be divested of such voting right, the President of the Corporation shall, within ten days after delivery to the Corporation at its principal office of a request to such effect signed by any holder of Common Stock, call a special meeting of the holders of shares of stock entitled to vote at such meeting to be held within forty days after the delivery of such request for the purpose of electing a new Board of Directors to serve until the next annual meeting or until their respective successors shall be elected and shall qualify. If, at any such special meeting, any Director shall not be reelected, his term of office shall terminate upon the election and qualification of his successor, notwithstanding that the term for which such Director was originally elected shall not then have expired.

At any annual or special meeting of stockholders held for the purpose of electing Directors when the holders of the Preferred Stock shall be entitled to elect two Directors, the presence in person or by proxy of the holders of one-third of the outstanding shares of the Preferred Stock shall be required to constitute a quorum for the election by such class of such two Directors, and the presence in person or by proxy of the holders of a majority of the outstanding shares of the Common Stock shall be required to constitute a quorum for the election by such class of the Directors which that class is entitled to elect or for the election temporarily by such class as herein provided of the members of the Board of Directors whom the holders of the Preferred Stock cannot at the time for the want of a quorum elect; provided, however, that the majority of the holders of either such class of stock who are present in person or by proxy shall have power to adjourn such meeting for the election of Directors by such class from time to time without notice other than announcement at the meeting. No delay or failure by the holders of any class of stock to elect the members of the Board of Directors whom such holders are entitled to elect shall invalidate the election of the remaining members of the Board of Directors by the holders of any other class of stock. At any such election of Directors by the holders of shares of Preferred Stock, each such holder shall have one vote for each share of such stock standing in his name on the books of the Corporation on any record date fixed for such purpose or, if no such date be fixed, on the date on which the election is held, subject to the provisions of Article XIII.

If, during any interval between annual meetings of stockholders for the election of Directors and while the holders of the Preferred Stock shall be entitled to elect two Directors, the number of Directors in office who have been elected by the holders of shares of any class of stock shall, by reason of resignation, death or removal, be less than the total number of Directors subject to election by the holders of shares of such class, (a) the vacancy or vacancies in the Directors elected by the holders of shares of that class shall be filled by a majority vote of the remaining Directors then in office who were elected by such class or succeeded to Directors so elected, although such majority be less than a quorum, or, if there shall be only one such remaining Director, shall be filled by the Directors then in office upon nomination of the remaining Director elected by the holders of the shares of that class or his successor and (b) if not so filled within forty days after the creation thereof, the President of the Corporation shall call a special meeting of the holders of shares of such class and such vacancy or vacancies shall be filled at such special meeting.

Any Director may be removed from office by vote of the holders of a majority of the shares of the class of stock by which his successor would be elected. A special meeting of the holders of shares of such class

may be called by a majority vote of the Board of Directors for the purpose of removing a Director in accordance with the provisions of this paragraph. The President of the Corporation shall, in any event, within ten days after delivery to the Corporation at its principal office of a request to such effect signed by the holders of at least five per cent (5%) of the outstanding shares of such class, call a special meeting for such purpose to be held within forty days after the delivery of such request.

Holders of Preferred Stock shall not be entitled to receive notice of any meeting of stockholders at which they are not entitled to vote or consent.

(7) So long as any shares of Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required herein or by law, (a) the consent of the holders of at least sixty-six and two-thirds per cent (66-2/3%) of the Preferred Stock at the time outstanding, considered as a single class without regard to series, given in person or by proxy, either in writing without a meeting (if permitted by law) or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Any amendment, alteration or repeal of any of the provisions of the Certificate of Incorporation or of the By-Laws, of the Corporation, which affects adversely the voting powers, rights or preferences of the holders of the Preferred Stock or reduces the time for any notice to which the holders of the Preferred Stock may be entitled; provided, however, that if such amendment, alteration or repeal affects adversely the rights or preferences of one or more but not all series of Preferred Stock at the time outstanding, only the consent of the holders of at least two-thirds of the shares of the series so affected shall be required; and provided further, that the amendment of the provisions of the Certificate of Incorporation so as to authorize or create, or to increase the authorized amount of any junior stock shall not be deemed to affect adversely the voting powers, rights or preferences of the holders of the Preferred Stock;

(ii) The authorization or creation of, or the increase in the authorized amount of, any stock of any class or any security convertible into stock of any class, ranking prior to the Preferred Stock;

(iii) The voluntary dissolution, liquidation or winding up of the affairs of the Corporation, or the sale, lease or conveyance by the Corporation of all or substantially all its property or assets; or

(iv) The purchase or redemption (for sinking fund purposes or otherwise) of less than all of the Preferred Stock at the time outstanding unless the full dividend on all shares of Preferred Stock of all series then outstanding shall have been paid or declared and a sum sufficient for payment thereof set apart;

and (b) the consent of the holders of more than fifty per cent (50%) of the Preferred Stock at the time outstanding, considered as a single class without regard to series, given in person or by proxy, either in writing without a meeting (if permitted by law) or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) The increase of the authorized amount of the Preferred Stock, or the authorization or creation of, or the increase in the authorized amount of, any stock of any class or any security convertible into stock of any class, ranking on a parity with the Preferred Stock; or

(ii) The merger or consolidation of the Corporation with or into any other corporation, unless the corporation resulting from such merger or consolidation will have after such merger or consolidation no class of stock and no other securities either authorized or outstanding ranking prior to or on a parity with the Preferred Stock, except the same number of shares of stock and the same amount of other securities with the same rights and preferences as the stock and securities of the Corporation respectively authorized and outstanding immediately preceding such merger or consolidation, and each holder of Preferred Stock immediately preceding such merger or consolidation shall receive the same number of shares, with the same rights and preferences, of the resulting corporation;

provided, however, that no such consent of the holders of the Preferred Stock shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect or when the issuance of any such additional Preferred Stock, prior or parity stock or convertible security is to be made, or when such consolidation or merger, voluntary liquidation, dissolution or winding up, sale, lease, conveyance, purchase or redemption is to take effect, as the case may be, provision is to be made for the redemption of all shares of Preferred Stock at the time outstanding, or, in the case of any such amendment, alteration or repeal as to which the consent of less than all series of the Preferred Stock would otherwise be required, for the redemption of all shares of the series of Preferred Stock the consent of which would otherwise be required.

(8) As used herein with respect to the Preferred Stock or in any resolution adopted by the Board of Directors providing for the issue of any particular series of the Preferred Stock as authorized by subdivision (1) of this Article IV A, the following terms shall have the following meanings:

(a) The term "junior stock" shall mean the Common Stock, the Second Preferred Stock and any other class of stock of the Corporation hereafter authorized over which the Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

(b) The term "sinking fund" shall mean any fund or requirement for the periodic retirement of shares.

(c) The term "accrued dividends," with respect to any share of any series, shall mean an amount computed at the annual dividend rate for the series of which the particular share is a part, from the date on which dividends on such share became cumulative to and including the date to which such dividends are to be accrued, less the aggregate amount of all dividends theretofore paid thereon.

B. (1) The Second Preferred Stock may be issued from time to time in one or more series. All shares of Second Preferred Stock shall be of equal rank and shall be identical, except in respect of the particulars that may be fixed by the Board of Directors as hereinafter provided pursuant to authority which is hereby expressly vested in the Board of Directors; and each share of each series shall be identical in all respects with the other shares of such series, except as to the date from which dividends thereon shall be cumulative. Before any shares of Second Preferred Stock of any particular series shall be issued, the Board of Directors shall fix, and is hereby expressly empowered to fix, in the manner provided by law, the following provisions of the shares of such series:

(a) The distinctive designation of such series and the number of shares which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors in creating such series) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(b) The annual rate of dividends payable on shares of such series and the date from which dividends shall be cumulative on all shares of such series;

(c) The redemption price or prices, if any, for shares of such series;

(d) The terms of a sinking or purchase fund, if any, for shares of such series;

(e) The amount payable on shares of such series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

(f) The rights, if any, of the holders of shares of such series to convert such shares into assets of the Corporation or shares of stock of the Corporation of any class or of any series of any class and the terms and conditions of such conversion; and

(g) The voting powers, full or limited, if any, of shares of such series, including, without limitation, any requirements for the approval or consent of the holders of any prescribed percentage of the shares of such series with respect to any specific corporate action (including any such action specified in subdivision (7) of this Article IV B), in addition to any such requirements appertaining to the shares of all series specifically provided herein, and any other preferences, and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof,

so far as not inconsistent with the provisions of this Article IV B applicable to all series of Second Preferred Stock and to the full extent now or hereafter permitted by the laws of Delaware. Shares of Second Preferred Stock shall be issued only as fully paid and non-assessable shares.

The Preferred Stock shall have preference and priority over the Second Preferred Stock in the payment of dividends and in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

(2) The holders of the Second Preferred Stock of each series, in preference to the holders of any junior stock, but subject to the rights and preferences of the Preferred Stock, shall be entitled to receive, as and when declared by the Board of Directors out of any funds legally available therefor, cash dividends, at the rate for such series fixed in accordance with the provisions of subdivision (1) of this Article IV B, and no more, payable quarterly on the first days of January, April, July and October, respectively, in each year,

with respect to the quarterly period ending on the day preceding each such respective payment date, except that the first dividend on the initial issue of any series of the Second Preferred Stock shall be payable on the quarterly dividend payment date next succeeding the expiration of thirty days after the date any shares of such series are issued. Such dividends shall be cumulative, in the case of shares of each particular series, from the date fixed for the purpose by the Board of Directors, as provided in subdivision (1) of this Article IV B.

No dividend shall be paid upon, or declared or set apart for, any share of Second Preferred Stock for any quarterly dividend period unless at the same time a like proportionate dividend for the same quarterly dividend period, ratably in proportion to the respective annual dividend rates fixed therefor, shall be paid upon, or declared and set apart for, all shares of Second Preferred Stock of all series then issued and outstanding and entitled to receive such dividend.

(3) In no event, so long as any shares of Second Preferred Stock shall be outstanding, shall any dividend, whether in cash or property, be paid or declared, nor shall any distribution be made, on any junior stock, nor shall any shares of any junior stock be purchased, redeemed or otherwise acquired for value by the Corporation, nor shall the Corporation permit any distribution to be made or shares purchased, redeemed or otherwise acquired by any subsidiary, unless all dividends on the Second Preferred Stock of all series for all past quarterly dividend periods and for the then current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set apart, and unless the Corporation shall not be in arrears with respect to any sinking fund for any series of Second Preferred Stock. The foregoing provisions of this subdivision (3) shall not, however, apply to a dividend payable in any junior stock, or to the acquisition of shares of any junior stock in exchange for, or through application of the proceeds of the sale of, shares of any other junior stock.

Subject to the foregoing and to any further limitations prescribed in accordance with the provisions of subdivision (1) of this Article IV B, the Board of Directors may declare, out of any funds legally available therefor, dividends upon the then outstanding shares of any junior stock, and no holders of shares of Second Preferred Stock of any series shall be entitled to share therein.

(4) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, then, before any distribution or payment shall be made to the holders of any junior stock, the holders of the Second Preferred Stock shall be entitled to be paid in full the respective amounts fixed in accordance with the provisions of subdivision (1) of this Article IV B, together with accrued dividends to such distribution or payment date whether or not earned or declared. If such payment shall have been made in full to the holders of the Second Preferred Stock, the remaining assets and funds of the Corporation shall be distributed among the holders of the junior stock, according to their respective rights and preferences and in each case according to their respective shares. If, upon any liquidation, dissolution or winding up of the affairs of the Corporation, the amounts so payable are not paid in full to the holders of all outstanding shares of Second Preferred Stock, the holders of all series of Second Preferred Stock shall share ratably in any distribution of assets in proportion to the full amounts to which they would otherwise be respectively entitled. Neither the consolidation or merger of the Corporation, nor the sale, lease or conveyance of all or a part of its assets, shall be deemed a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of the foregoing provisions of this subdivision (4) or of subdivision (7) of this Article IV B.

(5) Subject to the provisions of subdivision (7) of this Article IV B, the Second Preferred Stock of any series may be redeemed, as a whole or in part, at the option of the Corporation, by vote of its Board of Directors, or in the case of any one or more series, for the purpose of any sinking fund or other requirement for any such series fixed by the Board of Directors pursuant to the provisions of subdivision (1) of this Article IV B, at any time or from time to time, at the applicable redemption price for such series fixed in accordance with the provisions of subdivision (1) of this Article IV B, together with accrued dividends to the redemption date, whether or not earned or declared. If less than all the outstanding shares of Second Preferred Stock of any series are to be redeemed, the shares to be redeemed shall be determined by lot or pro rata in such manner as the Board of Directors may prescribe.

Notice of every redemption of Second Preferred Stock shall be mailed, addressed to the holders of record of the shares to be redeemed at their respective addresses as they shall appear on the stock books of the Corporation (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption), and notice shall also be published at least once in one daily newspaper printed in the English language and published and of general circulation in the Borough of Manhattan, The City of New York, the first publication and such mailing to be at least thirty days and not more than sixty days prior to the date fixed for redemption.

If notice of redemption shall have been duly published and if, on or before the redemption date specified in the notice, the redemption price, together with accrued dividends to the date fixed for redemption, whether or not earned or declared, shall have been set aside by the Corporation, separate and apart from its other funds, in trust for the pro rata benefit of the holders of the shares so called for redemption, so as to be and continue to be available therefor, then, from and after the date of redemption so designated, notwithstanding that any certificate for shares of Second Preferred Stock so called for redemption shall not have been surrendered for cancellation, the shares represented thereby shall no longer be deemed outstanding, the dividends thereon shall cease to accumulate, and all rights with respect to the shares of Second Preferred Stock so called for redemption shall forthwith on the redemption date cease and terminate, except only the right of the holders thereof to receive the redemption price of the shares so redeemed, including accrued dividends to the redemption date, but without interest.

The Corporation may also, at any time prior to the redemption date, deposit in trust, for the account of the holders of the Second Preferred Stock to be redeemed, with a bank or trust company in good standing, organized under the laws of the United States of America or of the State of New York, doing business in the Borough of Manhattan, The City of New York, having capital, surplus and undivided profits aggregating at least Five Million Dollars ($5,000,000), designated in the notice of redemption, the redemption price, together with accrued dividends to the date fixed for redemption, whether or not earned or declared and, unless the notice of redemption herein provided for has previously been duly mailed and published, deliver irrevocable written instructions directing such bank or trust company, on behalf and at the expense of the Corporation, to cause notice of redemption specifying the date of redemption to be duly mailed and publication of the notice to be made as herein provided promptly upon receipt of such irrrevocable instructions. Upon such deposit in trust, either after due mailing and publication of the notice of redemption or accompanied by irrevocable instructions as provided above, notwithstanding that any certificate for shares of Second Preferred Stock so called for redemption shall not have been surrendered for cancellation, all shares of Second Preferred Stock with respect to which the deposit shall have been made shall no longer be deemed to be outstanding, and all rights with respect to such shares of Second Preferred Stock shall forthwith cease and terminate except only the right of the holders thereof to receive from such bank or trust company, at any time after the time of the deposit, the redemption price, including accrued dividends to the redemption date, whether or not earned or declared, but without interest, of the shares so to be redeemed, and the right to exercise, on or before the date fixed for redemption, privileges of conversion or exchange, if any, not theretofore expiring.

Any moneys deposited by the Corporation pursuant to this subdivision (5) which shall not be required for the redemption because of the exercise of any such right of conversion or exchange subsequent to the date of the deposit shall be repaid to the Corporation forthwith. Any other moneys deposited by the Corporation pursuant to this subdivision (5) and unclaimed at the end of six years from the date fixed for redemption shall be repaid to the Corporation upon its request expressed in a resolution of its Board of Directors, after which repayment the holders of the shares so called for redemption shall look only to the Corporation for the payment thereof.

(6) The holders of Second Preferred Stock shall have no right to vote except as otherwise herein or by statute specifically provided, except for such full or limited voting powers as may be fixed by the Board of Directors in respect of the shares of a particular series in accordance with the provisions of subdivision (1) of this Article IV B.

If, at any time, dividends payable on the Second Preferred Stock shall be in default in an amount equivalent to six full quarterly dividends on all shares of all series of the Second Preferred Stock at the time outstanding, then, the holders of the Second Preferred Stock of all series, voting separately as a class, shall be entitled to elect two Directors of the Corporation. When all such dividends in default shall have been so paid or funds sufficient therefor deposited in trust (and such dividends in default shall be so paid as soon as lawful and reasonably practicable out of any assets of the Corporation available therefor), the holders of the Second Preferred Stock shall be divested of such voting rights, but subject always to the same provisions for the vesting of such voting rights in the holders of the Second Preferred Stock in the case of any future such dividend default or defaults.

The foregoing right of the holders of the Second Preferred Stock with respect to the election of Directors of the Corporation may be exercised at any annual meeting of stockholders or, within the limitations hereinafter provided, at a special meeting of stockholders held for such purpose. If the date upon which such right of the holders of the Second Preferred Stock shall become vested shall be more than ninety days

preceding the date of the next ensuing annual meeting of stockholders as fixed by the By-Laws of the Corporation, the President of the Corporation shall, within ten days after delivery to the Corporation at its principal office of a request to such effect signed by the holders of at least five per cent (5%) of the Second Preferred Stock then outstanding, call a special meeting of stockholders to be held within forty days after the delivery of such request for the purpose of electing a new Board of Directors to serve until the next annual meeting and until their successors shall be elected and shall qualify. Notice of such meeting shall be mailed to each stockholder entitled to vote thereat not less than ten days prior to the date of such meeting. The term of office of all Directors of the Corporation shall terminate at the time of any such meeting held for the purpose of electing a new Board of Directors, notwithstanding that the term for which such Directors had been elected shall not then have expired. In the event that at any such meeting at which holders of the Second Preferred Stock shall be entitled to elect two Directors, a quorum of the holders of such Second Preferred Stock shall not be present in person or by proxy, the holders of the Common Stock, if a quorum thereof be present, may temporarily elect the Directors whom the holders of the Second Preferred Stock were entitled but failed to elect, such Directors to be designated as having been so elected and their term of office to expire at such time thereafter as their successors shall be elected by the holders of the Second Preferred Stock as herein provided.

Whenever the holders of Second Preferred Stock shall be entitled to elect two Directors, any holder of such Second Preferred Stock shall have the right, during regular business hours, in person or by duly authorized representative, to examine and to make transcripts of the stock records of the Corporation for the Second Preferred Stock for the purpose of communicating with other holders of such Second Preferred Stock with respect to the exercise of such right of election.

Whenever the holders of Second Preferred Stock shall be divested of such voting right, the President of the Corporation shall, within ten days after delivery to the Corporation at its principal office of a request to such effect signed by any holder of Common Stock, call a special meeting of the holders of shares of stock entitled to vote at such meeting to be held within forty days after the delivery of such request for the purpose of electing a new Board of Directors to serve until the next annual meeting or until their respective successors shall be elected and shall qualify. If, at any such special meeting, any Director shall not be reelected, his term of office shall terminate upon the election and qualification of his successor, notwithstanding that the term for which such Director was originally elected shall not then have expired.

At any annual or special meeting of stockholders held for the purpose of electing Directors when the holders of the Second Preferred Stock shall be entitled to elect two Directors, the presence in person or by proxy of the holders of one-third of the outstanding shares of the Second Preferred Stock shall be required to constitute a quorum for the election by such class of such two Directors, and the presence in person or by proxy of the holders of a majority of the outstanding shares of the Common Stock shall be required to constitute a quorum for the election by such class of the Directors which that class is entitled to elect or for the election temporarily by such class as herein provided of the members of the Board of Directors whom the holders of the Second Preferred Stock cannot at the time for the want of a quorum elect; provided, however, that the majority of the holders of either such class of stock who are present in person or by proxy shall have power to adjourn such meeting for the election of Directors by such class from time to time without notice other than announcement at the meeting. No delay or failure by the holders of any class of stock to elect the members of the Board of Directors whom such holders are entitled to elect shall invalidate the election of the remaining members of the Board of Directors by the holders of any other class of stock. At any such election of Directors by the holders of shares of Second Preferred Stock, each such holder shall have one vote for each share of such stock standing in his name on the books of the Corporation on any record date fixed for such purpose or, if no such date be fixed, on the date on which the election is held, subject to the provisions of Article XIII.

If, during any interval between annual meetings of stockholders for the election of Directors and while the holders of the Second Preferred Stock shall be entitled to elect two Directors, the number of Directors in office who have been elected by the holders of shares of any class of stock shall, by reason of resignation, death or removal, be less than the total number of Directors subject to election by the holders of shares of such class, (a) the vacancy or vacancies in the Directors elected by the holders of shares of that class shall be filled by a majority vote of the remaining Directors then in office who were elected by such class or succeeded to Directors so elected, although such majority be less than a quorum, or, if there shall be only one such remaining Director, shall be filled by the Directors then in office upon nomination of the remaining Director elected by the holders of the shares of that class or his successor and (b) if not so filled within forty days after the creation thereof, the President of the Corporation shall call a special meeting of the holders of shares of such class and such vacancy or vacancies shall be filled at such special meeting.

Any Director may be removed from office by vote of the holders of a majority of the shares of the class of stock by which his successor would be elected. A special meeting of the holders of shares of such class may be called by a majority vote of the Board of Directors for the purpose of removing a Director in accordance with the provisions of this paragraph. The President of the Corporation shall, in any event, within ten days after delivery to the Corporation at its principal office of a request to such effect signed by the holders of at least five per cent (5%) of the outstanding shares of such class, call a special meeting for such purpose to be held within forty days after the delivery of such request.

Holders of Second Preferred Stock shall not be entitled to receive notice of any meeting of stockholders at which they are not entitled to vote or consent.

(7) So long as any shares of Second Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required herein or by law, the consent of the holders of at least fifty per cent (50%) of the Second Preferred Stock at the time outstanding, considered as a single class without regard to series, given in person or by proxy, either in writing without a meeting (if permitted by law) or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Any amendment, alteration or repeal of any of the provisions of the Certificate of Incorporation, or of the By-Laws, of the Corporation, which affects adversely the voting powers, rights or preferences of the holders of the Second Preferred Stock or reduces the time for any notice to which the holders of the Second Preferred Stock may be entitled; provided, however, that if such amendment, alteration or repeal affects adversely the rights or preferences of one or more but not all series of Second Preferred Stock at the time outstanding, only the consent of the holders of at least one-half of the shares of the series so affected shall be required; and provided further, that the amendment of the provisions of the Certificate of Incorporation so as to authorize or create, or to increase the authorized amount of any junior stock shall not be deemed to affect adversely the voting powers, rights or preferences of the holders of the Second Preferred Stock;

(ii) The authorization or creation of, or the increase in the authorized amount of, any stock of any class or any security convertible into stock of any class, ranking prior to the Second Preferred Stock;

(iii) The voluntary dissolution, liquidation or winding up of the affairs of the Corporation, or the sale, lease or conveyance by the Corporation of all or substantially all its property or assets;

(iv) The purchase or redemption (for sinking fund purposes or otherwise) of less than all of the Second Preferred Stock at the time outstanding unless the full dividend on all shares of Second Preferred Stock of all series then outstanding shall have been paid or declared and a sum sufficient for payment thereof set apart;

(v) The increase of the authorized amount of the Second Preferred Stock, or the authorization or creation of, or the increase in the authorized amount of, any stock of any class or any security convertible into stock of any class, ranking on a parity with the Second Preferred Stock; or

(vi) The merger or consolidation of the Corporation with or into any other corporation, unless the corporation resulting from such merger or consolidation will have after such merger or consolidation no class of stock and no other securities either authorized or outstanding ranking prior to or on a parity with the Second Preferred Stock, except the same number of shares of stock and the same amount of other securities with the same rights and preferences as the stock and securities of the Corporation respectively authorized and outstanding immediately preceding such merger or consolidation, and each holder of Second Preferred Stock immediately preceding such merger or consolidation shall receive the same number of shares, with the same rights and preferences, of the resulting corporation;

provided, however, that no such consent of the holders of the Second Preferred Stock shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect or when the issuance of any such additional Second Preferred Stock, prior or parity stock or convertible security is to be made, or when such consolidation or merger, voluntary liquidation, dissolution or winding up, sale, lease, conveyance, purchase or redemption is to take effect, as the case may be, provision is to be made for the redemption of all shares of Second Preferred Stock at the time outstanding, or, in the case of any such amendment, alteration or repeal as to which the consent of less than all series of the Second Preferred Stock would otherwise be required, for the redemption of all shares of the series of Second Preferred Stock the consent of which would otherwise be required.

(8) As used herein with respect to the Second Preferred Stock or in any resolution adopted by the Board of Directors providing for the issue of any particular series of the Second Preferred Stock as authorized by subdivision (1) of this Article IV B, the following terms shall have the following meanings:

(a) The term "junior stock" shall mean the Common Stock and any other class of stock of the Corporation hereafter authorized over which the Second Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

(b) The term "sinking fund" shall mean any fund or requirement for the periodic retirement of shares.

(c) The term "accrued dividends," with respect to any share of any series, shall mean an amount computed at the annual dividend rate for the series of which the particular share is a part, from the date on which dividends on such share became cumulative to and including the date to which such dividends are to be accrued, less the aggregate amount of all dividends theretofore paid thereon.

C. Except as herein or by the resolutions creating any series of Preferred Stock or Second Preferred Stock or by statute specifically provided, the holders of the Common Stock shall have the exclusive right to vote for the election of Directors and for all other purposes.

D. The shares of capital stock of the Corporation may be issued by the Corporation from time to time for such consideration not less than the par value thereof as from time to time may be fixed by the Board of Directors of the Corporation.

E. No holder of any class of stock of the Corporation shall have any preemptive right to subscribe to any additional issue of stock of any class or series or to any securities of the Corporation convertible into or exchangeable for any such stock.

ARTICLE V

The minimum amount of capital with which this corporation heretofore was authorized to commence business was one thousand dollars ($1,000.00).

ARTICLE VI

The names and places of residence of the persons who heretofore incorporated this corporation are as follows:

NAME	RESIDENCE
H. E. Grantland	Wilmington, Delaware
H. H. Snow	Wilmington, Delaware
L. E. Gray	Wilmington, Delaware

ARTICLE VII

This corporation shall have perpetual existence.

ARTICLE VIII

The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever, but shall be exempt from corporate liability.

ARTICLE IX

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

(a) To make, alter, amend and rescind the By-Laws of this corporation.

(b) To set apart out of any of the available funds of this corporation such reserves for proper purposes as the Board of Directors may deem expedient, and to abolish any such reserves.

(c) To determine the use and distribution of any surplus and net profits.

(d) To authorize and cause to be executed and delivered, without limit as to amount, mortgages and instruments of pledge of, and other instruments creating liens upon, the real and personal property of this corporation.

(e) From time to time, to determine whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of this corporation (other than the stock ledger) or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account or book or document of this corporation, except as conferred by statute, by Article IV of the Certificate of Incorporation with respect to the Preferred Stock, or authorized by the Directors or by a resolution of the stockholders.

(f) By resolution or resolutions, passed by a majority of the whole board, to designate one or more committees, each committee to consist of two or more of the Directors of this corporation, which, to the extent provided in said resolution or resolutions or in the By-Laws of this corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of this corporation, and may have power to authorize the seal of this corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the By-Laws of this corporation or as may be determined from time to time by resolution adopted by the Board of Directors.

(g) Subject to the provisions of Article IV of the Certificate of Incorporation with respect to the Preferred Stock, when and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting powers, given at a stockholders' meeting duly called for that purpose, or when authorized by the written consent of the holders of a majority of the voting stock issued and outstanding, the Board of Directors shall have power and authority to sell, lease or exchange all of the property and assets of this corporation, including its good will, upon such terms and conditions and for such consideration, which may be in whole or in part shares of stock in, and/or other securities of, any other corporation, or corporations as its Board of Directors shall deem expedient and for the best interests of this corporation.

This corporation may in its By-Laws confer powers and authority upon its Board of Directors in addition to the foregoing and in addition to the powers and authorities expressly conferred upon it by statute.

ARTICLE X

No contract or other transaction between this corporation and any other corporation and no act of this corporation shall in any way be affected or invalidated by the fact that any of the Directors of this corporation are pecuniarily or otherwise interested in, or are directors or officers of, such other corporation.

ARTICLE XI

The stockholders and Board of Directors shall have power, if the By-Laws so provide, to hold their meetings and to keep the books of this corporation (except such as are required by the laws of Delaware to be kept in Delaware) and documents and papers of this corporation outside the State of Delaware and have one or more offices within or without the State of Delaware at such places as may be designated from time to time by the Board of Directors.

ARTICLE XII

(a) The number of Directors of this corporation is specified in the By-Laws and, subject to the provisions of Article IV of the Certificate of Incorporation, such number may be increased or decreased from time to time in such manner as may be prescribed in the By-Laws. The Directors need not be stockholders.

(b) In case of an increase in the number of Directors, subject to the provisions of Article IV of the Certificate of Incorporation, the additional Directors may be elected by the Board of Directors to hold office until the next annual meeting of the stockholders and until their successors are elected and qualified. In case of vacancies in the Board of Directors, subject to the provisions of Article IV of the Certificate of Incorporation, a majority of the remaining Directors may elect Directors to fill such vacancy.

(c) Unless otherwise determined by the Board of Directors of the Corporation, the Corporation shall indemnify to the full extent permitted by the law of the State of Delaware as from time to time in effect, the persons described in Section 145 of the General Corporation Law of the State of Delaware, or other provisions of the law of the State of Delaware relating to indemnification of officers, directors, employees and agents, as from time to time in effect.

ATTACHMENT B

4/10/86

State of Delaware

Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF INTERNORTH, INC. FILED IN THIS OFFICE ON THE TENTH DAY OF APRIL, A.D. 1986, AT 1 O'CLOCK P.M.

Michael Harkins, Secretary of State

AUTHENTICATION: 0783646

DATE: 04/10/1986

736100032

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
INTERNORTH, INC.

InterNorth, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY, that:

1. The following is a true and correct copy of resolutions duly adopted by the Board of Directors at a meeting held on the 6th day of March, 1986, at which meeting a quorum was present and acting throughout:

RESOLVED, that in the judgment of the Board of Directors, it is deemed advisable to amend the Certificate of Incorporation of the Company so it will be an dread in its entirety as follows:

"ARTICLE I

"The name of this corporation is Enron Corporation."

RESOLVED, that the foregoing recommendation to amend the Certificate of Incorporation of the Company be submitted to the voting Stockholders of the Company for consideration and approval at the 1986 Annual Meeting of Stockholders to be held on April 10, 1986.

FURTHER RESOLVED, that the President or any Vice President and the Secretary, Deputy Corporate Secretary, or any Assistant Secretary of the Company be, and they hereby are, authorized to execute an Amendment of the Certificate of Incorporation of the Company, reflecting the foregoing recommended changes in the Certificate, and cause the same to be filed and recorded in the State of Delaware and in all other jurisdictions where filings and recordings are required; subject to the approval of such Amendment by the stockholders of the Company.

FURTHER RESOLVED, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed, for and on behalf of the Company, under its corporate seal or otherwise, to take any and all such further action and do or cause to be done any and all such further things as may, in their discretion, appear to be necessary, proper, or advisable in order to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

2. Pursuant to the aforesaid resolutions of its Board of Directors, the Annual Meeting of said corporation was duly called and held, at which Meeting a majority of the outstanding stock as well as a majority of each class of stock eligible to vote on such amendment was voted affirmatively in favor of such amendment of Article I.

3. The capital of said corporation will not be reduced under or by reason of any said amendment.

4. Said amendment was duly adopted in accordance with the provisions of Title 8, Section 242 of the Delaware Code.

IN WITNESS WHEREOF, said corporation has caused its corporate seal to be hereunto affixed and this Certificate to be signed by Kenneth L. Lay, its Chairman of the Board, President and Chief Executive Officer, and attested by Peggy B. Menchaca, its Corporate Secretary, as of this 10th day of April, 1986.

INTERNORTH, INC.

By _____
Chairman of the Board, President
and Chief Executive Officer

Attest:

(Seal)

By _____
Corporate Secretary

State of Delaware

6098

Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF CORRECTION OF ENRON CORPORATION FILED IN THIS OFFICE ON THE SEVENTEENTH DAY OF APRIL, A.D. 1986, AT 12:35 O'CLOCK P.M.

Michael Harkins, Secretary of State

AUTHENTICATION: 10790113

DATE: 04/17/1986

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FILED

APR 17 1986

SECRETARY OF STATE

CERTIFICATE OF CORRECTION
OF
CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
ENRON CORPORATION
(formerly InterNorth, Inc.)

Pursuant to Section 103(f) of the
General Corporation Law of the
State of Delaware

Enron Corporation, a corporation duly organized and existing under the General Corporation Law of the State of Delaware whose name was changed from InterNorth, Inc. pursuant to the Certificate of Amendment referred to below (the "Corporation"), does hereby certify as follows:

FIRST: That a Certificate of Amendment to the Certificate of Incorporation of the Corporation (the "Certificate of Amendment") was filed in the office of the Secretary of State of Delaware on the tenth day of April, 1986.

SECOND: That the Certificate of Amendment as so filed is an inaccurate record of the corporate action taken and requires correction as permitted by Section 103(f) of the General Corporation Law of the State of Delaware in that (a) the change in the name of the Corporation recommended and approved as set forth therein was to "Enron Corp." and (b) such was the only change in the Certificate of Incorporation of the Corporation so recommended and approved.

THIRD: That paragraph 1 of the Certificate of Amendment is hereby corrected to read in its entirety as follows:

1. The following is a true and correct copy of resolutions duly adopted by the Board of Directors at a meeting held on the 6th day of March, 1986, at which meeting a quorum was present and acting throughout:

RESOLVED, that in the judgment of the Board of Directors, it is deemed advisable to amend Article I of the Certificate of Incorporation of the Company so it will be and read in its entirety as follows:

"ARTICLE I

"The name of this corporation is Enron Corp."

RESOLVED, that the foregoing recommendation to amend the Certificate of Incorporation of the Company be submitted to the voting Stockholders of the Company for consideration and approval at the 1986 Annual Meeting of Stockholders to be held on April 10, 1986.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be duly executed by its Vice President and Assistant Secretary this 16th day of April, 1986.

ENRON CORPORATION
(Formerly known as InterNorth, Inc.)

By _____
Vice President

Attest:

By _____
Assistant Secretary

RECEIVED FOR RECORD

MAY 1 [illegible] 1986

LEO J. DUGAN, Jr., Recorder

ATTACHMENT C

State of Delaware

Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF ENRON HOLDINGS, INC. FILED IN THIS OFFICE ON THE FOURTEENTH DAY OF JULY, A.D. 1986, AT 10 O'CLOCK A.M.

Michael Harkins, Secretary of State

AUTHENTICATION: 10884360

DATE: 07/15/1986

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JUL 14 1998 10AM

SECRETARY OF STATE

CERTIFICATE OF INCORPORATION

OF

ENRON HOLDINGS, INC.

* * * * *

ARTICLE I.

The name of the corporation is

ENRON HOLDINGS, INC.

ARTICLE II.

The registered office of this corporation in the State of Delaware is located at 1209 Orange Street, Wilmington, County of New Castle, Delaware. The name and address of its registered agent is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware.

ARTICLE III.

The nature of the business or purpose of this corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Laws of Delaware.

ARTICLE IV.

1. The total number of shares of stock which this corporation shall have authority to issue is one thousand (1,000) shares, all of which are to be of the par value of $10.00 each and all of one class and all to be designated as the Common Stock of the Corporation.

2. The shares of Common Stock may be issued from time to time for such consideration, no less than the par value thereof and upon such terms as from time to time shall be determined by the Board of Directors.

ARTICLE V.

The minimum amount of capital with which this corporation shall commence business is 500 Dollars ($500).

ARTICLE VI.

The names and mailing addresses of the incorporators are as follows:

NAMES	MAILING ADDRESSES
W. H. McCartney	2031 North 55 Street Omaha, Nebraska 68104

ARTICLE VII.

The corporation shall have perpetual existence.

ARTICLE VIII.

The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever, but shall be exempt from corporate liability.

ARTICLE IX.

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

ARTICLE XIII.

At all elections of directors of said corporation, each stockholder shall be entitled to as many votes as shall equal the number of shares of voting stock of such stockholder multiplied by the number of directors to be elected, and such stockholder may cast all of such votes for a single director or may distribute them among the number to be voted for, or any two or more of them, as such stockholder may see fit.

ARTICLE XIV.

This corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

I, THE UNDERSIGNED, being the only incorporator for the purpose of forming a corporation in pursuance of an Act of the Legislature of the State of Delaware entitled "An Act Providing A General Corporation Law" (approved March 10, 1899) and the acts amendatory thereof and supplemental thereto, do make and file this certificate of incorporation, hereby declaring and certifying that the facts herein stated are true, and accordingly hereunto have set our respective hands and seals this 11th day of July, 1986.

W. H. McCartney

(a) To make, alter, amend and rescind or rescind the By-laws of this corporation.

(b) To set apart out of any of the available funds of this corporation such reserves for proper purposes as the Board of Directors may deem expedient, and to abolish any such reserves.

(c) To determine the use and distribution of any surplus and net profits.

(d) To authorize and cause to be executed and delivered, without limit as to amount, mortgages and instruments of pledge of, and other instruments creating liens upon, the real and personal property of this corporation.

(e) From time to time, to determine whether and to what extent and at what times and places and under what conditions and r gulations the accounts and books of this corporation (other than the stock ledger) or any of them, shall be open to the inspection of the stockholders, and no stockholder shall have any right to inspect any account or book or document of this corporation, except as conferred by statute, or authorized by the directors or by a resolution of the stockholders.

(f) By resolution or resolutions, passed by a majority of the whole Board, to designate one or more committees, each committee to consist of two or more of the directors of this corporation, which to the extent provided in said resolution or resolutions or in the By-laws of this corporation, shall have and may exercise the powers of the Board of Directors in the management of the business

and affairs of this corporation, and may have power to authorize the seal of this corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the By-laws of this corporation or as may be determined from time to time by resolution adopted by the Board of Directors.

(g) When and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting powers given at a stockholders' meeting duly called for that purpose, or when authorized by the written consent of the holders of a majority of the voting stock issued and outstanding, the Board of Directors shall have power and authority to sell, lease or exchange all of the property and assets of the corporation, including its goodwill, upon such terms and conditions and for such considerations, which may be in whole or in part, shares of stock in, and/or other securities of, any other corporation, or corporations as its Board of Directors shall deem expedient and for the best interests of the corporation.

This corporation may in its By-laws confer powers and authority upon its Board of Directors in addition to the foregoing and in addition to the powers and authorities expressly conferred upon it by statute.

ARTICLE X.

No contract or other transaction between this corporation and any other corporation and no act of this corporation shall in any way be affected or invalidated by the fact that any of the

directors of this corporation are pecuniarily or otherwise interested in, or are directors or officers of such other corporation.

ARTICLE XI.

The stockholders and Board of Directors shall have power, if the By-laws so provide, to hold their meetings and to keep the books of this corporation (except such as are required by the laws of Delaware to be kept in Delaware) and documents and papers of this corporation outside the State of Delaware and have one or more offices within or without the State of Delaware at such places as may be designated from time to time by the Board of Directors.

ARTICLE XII.

(a) The number of directors of this corporation shall be specified in the By-laws and such number may be increased or decreased from time to time in such manner as may be prescribed in the By-laws. The directors need not be stockholders.

(b) In case of an increase in the number of directors, the additional directors may be elected by the Board of Directors to hold office until the next annual meeting of the stockholders and until their successors are elected and qualified. In case of vacancies in the Board of Directors, a majority of the remaining directors may elect directors to fill such vacancies.

(c) The corporation may indemnify officers, directors, employees and agents of the corporation.

ATTACHMENT D

State of Delaware

Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE RESTATED CERTIFICATE OF INCORPORATION OF ENRON HOLDINGS, INC. FILED IN THIS OFFICE ON THE ELEVENTH DAY OF APRIL, A.D. 1990, AT 10 O'CLOCK A.M.

Michael Harkins, Secretary of State

AUTHENTICATION: 2614608

DATE: 04/11/1990

720101037

RESTATED CERTIFICATE OF INCORPORATION

OF

ENRON HOLDINGS, INC.

ENRON HOLDINGS, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify that the following Restated Certificate of Incorporation was duly adopted pursuant to Sections 242 and 245 of the Delaware General Corporation Law:

ARTICLE I.

The name of the corporation is Northern Natural Gas Company.

ARTICLE II.

The registered office of this corporation in the State of Delaware is located at 1209 Orange Street in the City of Wilmington, County of New Castle. The name and address of its registered agent is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware.

ARTICLE III.

The nature of the business or purpose of this corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Laws of Delaware.

ARTICLE IV.

1. The total number of shares of stock which this corporation shall have authority to issue is ten thousand (10,000)

shares, all of which are to be of the par value of $1.00 each and all of one class and all to be designated as the Common Stock of the corporation.

2. The shares of Common Stock may be issued from time to time for such consideration, no less than the par value thereof and upon such terms as from time to time shall be determined by the Board of Directors.

ARTICLE V.

The minimum amount of capital with which this corporation shall commence business is five hundred dollars ($500).

ARTICLE VI.

The name and mailing address of the incorporator is as follows:

NAME	MAILING ADDRESS
W. H. McCartney	2031 North 55 Street Omaha, NE 68104

ARTICLE VII.

The corporation shall have perpetual existence.

ARTICLE VIII.

The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever, but shall be exempt from corporate liability.

ARTICLE IX.

In furtherance and not in limitation of the powers conferred

by statute, the Board of Directors is expressly authorized:

(a) To make, alter, amend and rescind the Bylaws of this corporation.

(b) To set apart out of any of the available funds of this corporation such reserves for proper purposes as the Board of Directors may deem expedient, and to abolish any such reserves.

(c) To determine the use and distribution of any surplus and net profits.

(d) To authorize and cause to be executed and delivered, without limit as to amount, mortgages and instruments of pledge of, and other instruments creating liens upon, the real and personal property of this corporation.

(e) From time to time, to determine whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of this corporation (other than the stock ledger) or any of them, shall be open to the inspection of the stockholders, and no stockholder shall have any right to inspect any account or book or document of this corporation, except as conferred by statute, or authorized by the directors or by a resolution of the stockholders.

(f) By resolution or resolutions, passed by a majority of the whole Board, to designate one or more committees, each committee to consist of two or more of the directors of this corporation, which to the extent provided in said resolution or resolutions or in the Bylaws of this corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of this corporation, and may have power to authorize the seal of this corporation to be affixed to all papers which may

require it. Such committee or committees shall have such name or names as may be stated in the Bylaws of this corporation or as may be determined from time to time by resolution adopted by the Board of Directors.

(g) When and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting powers given at a stockholders' meeting duly called for that purpose, or when authorized by the written consent of the holders of a majority of the voting stock issued and outstanding, the Board of Directors shall have power and authority to sell, lease or exchange all of the property and assets of the corporation, including its goodwill, upon such terms and conditions and for such considerations, which may be in whole or in part shares of stock in, and/or other securities of, any other corporation or corporations as its Board of Directors shall deem expedient and for the best interests of the corporation.

This corporation may in its Bylaws confer powers and authority upon its Board of Directors in addition to the foregoing and in addition to the powers and authorities expressly conferred upon it by statute.

ARTICLE X.

No contract or other transaction between this corporation and any other corporation and no act of this corporation shall in any way be affected or invalidated by the fact that any of the directors of this corporation are pecuniarily or otherwise interested in, or are directors of such other corporation.

ARTICLE XI.

The stockholders and Board of Directors shall have power, if the Bylaws so provide, to hold their meetings and to keep the books of this corporation (except such as are required by the laws of Delaware to be kept in Delaware) and documents and papers of this corporation outside the State of Delaware and have one or more offices within or without the State of Delaware at such places as may be designated from time to time by the Board of Directors.

ARTICLE XII.

1. The number of directors of this corporation shall be specified in the Bylaws and such number may be increased or decreased from time to time in such manner as may be prescribed in the Bylaws. The directors need not be stockholders.

2. In case of an increase in the number of directors, the additional directors may be elected by the Board of Directors to hold office until the next annual meeting of the stockholders and until their successors are elected and qualified. In case of vacancies in the Board of Directors, a majority of the remaining directors may elect directors to fill such vacancies.

3. A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of laws, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the

director derived an improper personal benefit.

4. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in paragraph (e) hereof, the corporation shall

indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section or otherwise. The corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the corporation with the same scope and effect as the foregoing indemnification of directors and officers.

5. If a claim under paragraph (d) of the Article XII is not paid in full by the corporation within thirty days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of

prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

6. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

7. The corporation may maintain insurance, at its expense,

to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

ARTICLE XIII.

This corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, this Restated Certificate of Incorporation, having been recommended and approved by the board of directors and duly adopted by the stockholder of the Corporation in accordance with the provisions of Sections 242 and 245 of the Delaware General Corporation Law, has been executed on this 27th day of March, 1990.

ENRON HOLDINGS, INC.

Gary W. Orloff,
Senior Vice President, Law
and Assistant Secretary

Attest:

Peggy B. Menchaca,
Vice President and Secretary

ATTACHMENT E

GENERAL CONVEYANCE, ASSIGNMENT AND BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

This General Conveyance, Assignment and Bill of Sale (this "General Conveyance"), effective as of December 31, 1990, at 11:20 p.m. Houston, Texas time (the "Effective Time"), is from ENRON CORP., a Delaware corporation, (being the corporation formerly known as NORTHERN NATURAL GAS COMPANY, a Delaware corporation (herein called "Northern"), which by certificate of amendment filed with the Secretary of State of Delaware on or about March 28, 1980, changed its name to INTERNORTH, INC., a Delaware corporation, which by certificate of amendment filed with the Secretary of State of Delaware on or about April 10, 1986, changed its name to ENRON CORPORATION, a Delaware corporation, which by certificate of amendment filed with the Secretary of State of Delaware on or about April 17, 1986, changed its name to Enron Corp.), with its general office at 1400 Smith, Houston, Texas 77002 (herein called "Grantor"), in favor of NORTHERN NATURAL GAS COMPANY, a Delaware corporation, with its general office at 1400 Smith, Houston, Texas 77002 and whose mailing address is P. O. Box 1188, Houston, Texas 77251-1188: Attn: General Counsel (herein called "Grantee").

WHEREAS, on or about February 20, 1937, INTERSTATE PRODUCTION COMPANY, a Delaware corporation, merged into Northern; on or about September 21, 1931, MISSOURI VALLEY PIPELINE COMPANY, a Delaware corporation, changed its name to Northern Gas and Pipeline Company; on or about February 20, 1937, NORTHERN FUEL SUPPLY COMPANY, a Delaware corporation, merged into Northern; on or about June 30, 1934, NORTHERN GAS AND PIPELINE COMPANY, a Delaware corporation, merged into Northern; and on or about December 30, 1960, PERMIAN BASIN PIPELINE COMPANY, a Delaware corporation, merged into Northern;

WHEREAS, Grantor owns 100% of the issued and outstanding capital stock of Grantee and wishes to convey to Grantee, as a contribution to the capital of Grantee, the Subject Property, herein described, being the assets of Northern Natural Gas Company, a division of Grantor.

PART I

GRANTING AND HABENDUM CLAUSES

A. GRANTING AND HABENDUM CLAUSES.

For good and valuable consideration, the receipt and sufficiency of which Grantor hereby acknowledges, Grantor hereby grants, bargains, assigns, conveys and delivers unto Grantee, its successors and assigns, all right, title, interest and estate of Grantor in and to the following described property, Save and Except any Excepted Property, herein defined, (collectively, the "Subject Property"):

All assets and properties shown or included, as of the Effective Time, on the books and records of Grantor as assets of the Northern Natural Gas Company Division of Grantor (the "NNG Division"), including, without limitation, all of the following assets and categories of assets, INSOFAR BUT ONLY INSOFAR as the same are shown or included, as of the Effective Time, on the books and records of Grantor as assets of the NNG Division:

1. The assets and categories of assets listed on Exhibits A and C hereto;

2. Real property, whether owned of record or beneficially, and the improvements, buildings and fixtures located thereon;

3. Easements, rights-of-way, licenses and permits, whether owned of record or beneficially, and all prescriptive rights, titles, interests and claims, together with the improvements, buildings and fixtures located thereon;

4. Leases of real property, whether owned of record or beneficially, and the improvements, buildings and fixtures located thereon;

5. Pipelines, storage, compressor and other facilities, whether above or below ground, and all appurtenances thereto, including, without limitation, compressor stations, metering stations, valves, cathodic protection systems, wells, improvements, buildings and fixtures;

6. Automobiles, trucks, tractors, trailers and other vehicles;

7. Certificates issued by the Federal Energy Regulatory Commission for authority to make interstate sales for resale and to construct and operate pipeline facilities pursuant to the Natural Gas Act;

8. Certificates of authority, licenses and permits to construct, own, maintain, operate and remove pipeline facilities within the boundaries of various federal, state, municipal and local governmental and quasi-governmental jurisdictions;

9. Licenses, permits, authorizations, registrations and exemptions relating to the handling, treatment, disposal and discharge of pollutants, contaminants and other environmentally sensitive materials and substances;

10. Office furniture, furnishings and equipment;

11. Computer hardware and software, including all leases and licenses thereof;

12. Radios and other communication equipment;

13. Governmental permits, licenses, franchises, registrations and similar rights;

14. Contracts, contract rights, agreements and other instruments;

15. Inventories of natural gas and natural gas liquids and the products thereof;

16. General intangibles, cash, cash equivalents, notes receivable, accounts receivable (including notes and accounts receivable due from affiliates of Grantor), goodwill, claims, causes of action and choses in action, including, without limitation, offers of credit under Order 500 of the Federal Energy Regulatory Commission;

17. The names "Northern Natural Gas Company", "Northern Natural Gas" and "Northern Natural Gas Division", all proprietary rights associated therewith, all trademarks, service marks, tradename applications, tradename registrations and all assumed name filings pertaining to Northern Natural Gas Company and the business and operation thereof and the Northern Natural Gas logo;

18. Materials, supplies and parts and personal property used or useful in connection with the assets described herein;

19. To the extent transferrable, all right, title and interest of Grantor under all policies of title insurance;

20. Books of account, customer lists, files, papers, records and computer data bases, together with related file layouts relating to any and all of the foregoing;

21. The reserves, if any, of Grantor attributable to the Assumed Obligations, herein defined, including without limitation any accounting reserves associated with pending regulatory proceedings;

22. All rights, titles, interests, benefits and privileges and all appurtenances and additions pertaining to any of the foregoing;

SAVE AND EXCEPT from the property described in IA1 through and including IA22 above, all right, title, interest and estate of Grantor in and to the property and

interests, if any, described in Exhibit B hereto, if any (herein called the "Excepted Property").

TO HAVE AND TO HOLD the Subject Property, subject to the terms and conditions hereof, unto Grantee, its successors and assigns, forever.

PART II

OTHER TERMS AND CONDITIONS

A. PERMITTED ENCUMBRANCES.

This Conveyance is made and accepted expressly subject to (a) all recorded and unrecorded liens, charges, easements, rights-of-way, encumbrances, contracts, agreements, instruments, obligations, defects, interests, options and preferential rights to purchase and all laws, rules, regulations, ordinances, judgments and orders of governmental authorities or tribunals having or asserting jurisdiction over the Subject Property or the business and operations conducted thereon, in each case to the extent the same are valid, enforceable and affect the Subject Property; (b) to all matters that a current survey or visual inspection, including probing for pipelines, would reflect and (c) to the Assumed Obligations, herein defined.

B. ASSUMPTION OF THE ASSUMED OBLIGATIONS; INDEMNIFICATION BY GRANTEE.

1. "Assumed Obligations" shall mean (a) all debts, obligations and liabilities of Grantor, if any, relating to (i) the Subject Property and (ii) the "Subject Property" as defined in the General Conveyance, Assignment and Bill of Sale, effective as of December 31, 1990, at 11:15 p.m. from Grantor to Grantee relating to Grantor's NNG Division (Oklahoma only) property (the "NNG Division Oklahoma property") attributable to all periods prior to, at and after the Effective Time, of whatever nature, however evidenced, whether actual or contingent, whether known or unknown, whether arising under contract or tort or under the laws, ordinances, rules, regulations, orders or judgments of governmental, regulatory and judicial authorities having or asserting jurisdiction over the Subject Property or otherwise. The Assumed Obligations include (a) without limitation, all debts, obligations and liabilities of Grantor, as reflected on the books and records of the NNG Division, including those relating to the NNG Division Oklahoma property, as of the Effective Time, other than Grantor's Listed Debt, as defined in Exhibit D hereto and (b) with respect to Grantor's Listed Debt, as defined in Exhibit D hereto, the portion, but only the portion, of Grantor's Listed Debt which is described in such Exhibit D as

being allocated to the NNG Division plus, for the period from and after January 1, 1991, accrued interest thereon and Grantee's ratable share of fees, expenses and other amounts payable with respect thereto that are attributable to periods from and after the Effective Time under the relevant agreements or instruments. Grantee will make payments of principal, interest and other amounts from time to time owing on the Assumed Obligations either directly to the holders thereof, to their indenture trustee or other agent or representative, if any, or to Grantor as agent therefor, as Grantee may from time to time determine. At Grantee's option, it may from time to time prepay, in whole or in part, such Accrued Obligations to the extent permitted by the agreements or instruments pertaining thereto.

2. Subject to the other provisions of this General Conveyance, Grantee hereby assumes and agrees to perform, pay or discharge the Assumed Obligations to the full extent that Grantor is obligated, or in the absence of this General Conveyance would be obligated, to perform, pay or discharge such obligations. Without limiting the generality of the preceding sentence, Grantee agrees to protect, defend, indemnify and hold harmless Grantor in all respects relating to the Assumed Obligations, even as to matters caused by or resulting from Grantor's sole, joint, concurrent or contributory negligence, including, without limitation, all investigative costs, litigation costs (including, without limitation, attorneys' fees, court costs and other costs of suit) and all other costs and expenses relating to the foregoing, excluding only matters constituting the breach of or the failure to perform or satisfy any representation, warranty, covenant or agreement made by Grantor in connection with this General Conveyance.

3. To make a claim hereunder, Grantor shall give notice to Grantee of the claim, together with a brief summary of such information with respect to such claim as is then reasonably available to Grantor. Upon such notification, Grantee shall undertake, at Grantee's expense, to defend or otherwise dispose of such claim and any litigation in connection therewith and to pay the amount of any final judgment rendered against Grantor or any settlement. Grantee shall be entitled to direct the defense through legal counsel of its choice with full cooperation of Grantor and to settle or otherwise dispose of the claim or litigation as it shall see fit; provided, that Grantor may participate in such defense by advisory counsel selected by Grantor and at Grantor's expense. Grantor shall not settle any such asserted claim without the consent of Grantee.

C. DISCLAIMER OF WARRANTIES; SUBROGATION.

1. This General Conveyance is made without warranty of title, express, implied or statutory, and without recourse, except as provided to the contrary in Section IC2, but with full substitution and subrogation of Grantee, and all persons claiming by, through and under Grantee, to the extent assignable, in and to all covenants and warranties by

Grantor's predecessors in title and with full subrogation of all rights accruing under applicable statutes of limitation and all rights of action of warranty against all former owners of the Subject Property.

2. Notwithstanding any provision to the contrary in this General Conveyance or any Conveyance, herein defined, if and to the extent Grantor is the insured in a policy of title insurance relating to a portion of the Subject Property, Grantor, its successors and assigns, expressly warrants and agrees to defend title to such portion of the Subject Property unto Grantee, its successors and assigns, against every person lawfully claiming or to claim the same, or any part thereof or any interest therein, subject only to the encumbrances, exceptions and limitations, if any, expressly set forth in the applicable policy of title insurance and to the acts of the Grantor, or any person or entity acting by, through or under the Grantor.

3. Grantee and Grantor agree that the disclaimers contained in this Section are "conspicuous" disclaimers. The Subject Property is conveyed to Grantee without recourse, covenant or warranty of any kind, express, implied or statutory. WITHOUT LIMITING THE OTHER EXPRESS PROVISIONS HEREOF, GRANTEE SPECIFICALLY AGREES THAT GRANTOR IS CONVEYING THE SUBJECT PROPERTY "AS-IS", WITHOUT REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED (ALL OF WHICH GRANTOR HEREBY DISCLAIMS), AS TO (i) TITLE, (ii) TRANSFERABILITY, (iii) FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY, DESIGN OR QUALITY, (iv) COMPLIANCE WITH SPECIFICATIONS, CONDITIONS, OPERATION, (v) FREEDOM FROM PATENT OR TRADEMARK INFRINGEMENT, OR ABSENCE OF LATENT DEFECTS, OR (vi) ANY OTHER MATTER WHATSOEVER. TO THE EXTENT APPLICABLE (AND WITHOUT ADMITTING SUCH APPLICABILITY), GRANTEE ALSO HEREBY WAIVES THE PROVISIONS OF THE TEXAS DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT, CHAPTER 17, SUBCHAPTER E, SECTIONS 17.41, ET SEQ. (OTHER THAN SECTION 17.555, WHICH IS NOT WAIVED), TEX. BUS. & COM. CODE, AND ALL SIMILAR LAWS IN OTHER JURISDICTIONS. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED BY GRANTEE AND GRANTOR AFTER DUE CONSIDERATION AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY REPRESENTATIONS OR WARRANTIES OF GRANTOR, EITHER EXPRESS, IMPLIED OR STATUTORY WITH RESPECT TO THE SUBJECT PROPERTY THAT MAY ARISE PURSUANT TO ANY LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE EXCEPT AS EXPRESSLY SET FORTH HEREIN.

4. Any covenants implied by statute or law by the use of the words "grant", "bargain", "assign", "convey" or "deliver", or any of them or any other words used in this

General Conveyance (including the covenant implied under Section 5.023 of the Texas Property Code) are hereby expressly disclaimed, waived and negated.

D. FURTHER ASSURANCES; THE CONVEYANCES.

1. Grantor and Grantee agree to take all such further actions and to execute, acknowledge and deliver all such further documents that are necessary or useful in carrying out the purpose of this General Conveyance. So long as authorized by applicable law so to do, Grantor agrees to execute, acknowledge and deliver to Grantee all such other additional instruments, notices, affidavits, deeds, conveyances, assignments and other documents and to do all such other and further acts and things as may be necessary or useful to more fully and effectively grant, bargain, assign, convey and deliver to Grantee the Subject Property conveyed hereby or intended so to be conveyed or to more fully and effectively provide for the Assumed Obligations. In particular, without limitation, in the event that any Exhibit to this General Conveyance omits to describe or inadequately or incorrectly describes any lands, interests in lands, or other property intended by Grantor to be conveyed to Grantee or excepted or reserved to Grantor hereby, or any Assumed Obligations, Grantor and Grantee shall execute such additional instruments as may be necessary or appropriate to supply or correct such descriptions and to effect such additional or modified conveyance, reservation, or assumption.

2. As of, at and after the Effective Time, Grantor has executed and delivered and will execute and deliver to Grantee, its successors and assigns, various assignments, bills of sale, conveyances and other instruments, in recordable form, wherein, as of the Effective Date, Grantor will convey portions of the Subject Property to Grantee, its successors and assigns, in order to effect conveyance of portions of the Subject Property of record in the jurisdictions in which the same are located (collectively, the "Conveyances" and singularly each "Conveyance"). Certain Conveyances are described in Exhibit C hereto. In the event of a conflict between this General Conveyance and any Conveyance, this General Conveyance shall control.

E. CONSENTS; RESTRICTION ON ASSIGNMENT.

If there are prohibitions against or conditions to the conveyance of one or more portions of the Subject Property without the prior written consent of third parties (other than consents of a ministerial nature which are normally granted in the ordinary course of business), which, if not satisfied, would result in a breach thereof by Grantor or would give an outside party the right to terminate Grantor's or Grantee's rights with respect to such portion of the Subject Property (herein called a "Restriction"), then any provisions contained in this General Conveyance to the contrary notwithstanding, the transfer of title through this General Conveyance shall not become effective with respect to such portion

of the Subject Property unless and until such Restriction is satisfied or waived by the parties hereto. When and if such Restriction is satisfied or waived, the assignment of such portion of the Subject Property shall become effective automatically as of the Effective Time, without further action on the part of Grantor. If such Restriction is not satisfied or waived by the parties hereto within twenty-one (21) years after the death of the last to die of all descendants of the late Theodore H. Roosevelt, late President of the United States, who are living on the date this General Conveyance is executed as reflected below, the transfer to Grantee of such portion of the Subject Property, if any, affected by such Restriction shall be null and void. Grantor and Grantee agree to use reasonable efforts to obtain satisfaction of any Restriction.

F. SEPARATE TRANSFERS.

Grantor, or Grantor and Grantee, have executed and delivered, or will execute and deliver, certain separate transfers of individual lands, easements or instruments, which are included in the Subject Property, for filing with and approval by the United States of America and other governmental entities and agencies. Said separate transfers and this General Conveyance shall, when taken together, be deemed to constitute the one conveyance by Grantor of the applicable portion of the Subject Property. Said separate transfers, to the extent required by law, shall be on forms prescribed, or may otherwise be on forms suggested, by said governmental entities and agencies. Said separate transfers are not intended to modify, and shall not modify, any of the terms, covenants and warranties set forth herein and are not intended to create, and shall not create, any additional covenants and warranties of or by Grantor to Grantee. Said separate transfers shall be deemed to contain all of the terms and provisions of this General Conveyance, as fully and to all intents and purposes as though the same were set forth at length in said separate transfer. This General Conveyance, insofar as it pertains to any portion of the Subject Property as to which said separate transfers have been, or will be, executed for filing with and approval by the United States of America, or any other governmental entity or agency, is made and accepted subject to the approval of the United States of America or other appropriate governmental entities and agencies and to the terms of such approval, if and to the extent required by law.

In addition, in a separate transaction for separate consideration, Grantor and Grantee have previously entered into a separate unrecorded Conveyance, Assignment and Bill of Sale of even date herewith covering properties and assets of the NNG Division INSOFAR AND ONLY INSOFAR as said properties and assets are situated in the State of Oklahoma.

PART III

MISCELLANEOUS

A. SUCCESSORS AND ASSIGNS; NO THIRD PARTY BENEFICIARY.

This General Conveyance shall bind and inure to the benefit of Grantor and Grantee, their respective successors and assigns, but shall never be deemed to inure to the benefit of or be enforceable by any other party.

B. GOVERNING LAW.

THIS GENERAL CONVEYANCE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS, EXCLUDING ANY CONFLICT OF LAW RULE WHICH WOULD REFER ANY MATTER TO THE LAWS OF ANOTHER JURISDICTION, EXCEPT TO THE EXTENT THAT IT IS MANDATORY THAT THE LAW OF THE JURISDICTION WHEREIN THE SUBJECT PROPERTY IS LOCATED SHALL APPLY.

C. THE EXHIBITS.

Reference is made to Exhibits A, B, C and D, which are attached hereto and made a part hereof for all purposes. Reference in the Exhibits to an instrument on file in the public records is made for all purposes, but shall not imply that such instrument is valid, binding or enforceable or affects the Subject Property or creates any right, title, interest or claim in favor of any party other than Grantee.

D. HEADINGS.

Headings are included in this General Conveyance for convenience and shall not define, limit, extend, or describe the scope or intent of any provision.

WITNESS THE EXECUTION HEREOF on the 14th day of December 1990, effective as of the Effective Time.

ENRON CORP.,
a Delaware corporation

(Corporate Seal)

By: _____
Robert J. Hermann
Vice President - Tax

Attest:

_____
Elaine V. Overturf
~~Assistant Secretary~~
Deputy Corporate Secretary

GRANTOR

NORTHERN NATURAL GAS COMPANY,
a Delaware corporation

(Corporate Seal)

By: _____
Peggy B. Menchaca
Vice President and Secretary

Attest:

_____
Elaine V. Overturf
Deputy Corporate Secretary

GRANTEE

Attachments:
Exhibit A: Certain Subject Property
Exhibit B: Excepted Property
Exhibit C: Certain Conveyances
Exhibit D: Allocated Debt

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EXHIBIT A

(Description of Certain Subject Property)
to

General Conveyance, Assignment and Bill of Sale
from
Enron Corp., as Grantor
in favor of
Northern Natural Gas Company, as Grantee

Exhibit A is divided into four parts, as follows:

Part I:	Accounts
Part IIA:	Permits
Part IIB:	Contracts
Part IIC:	Pipelines

EXHIBIT A
(PART I)

(Northern Natural Gas Division (Co. #179) Major Accounts)

to

General Conveyance, Assignment and Bill of Sale
from
Enron Corp., as Grantor
in favor of
Northern Natural Gas Company, as Grantee

The assets and property reflected on the books and records of Enron Corp. under the following major accounts, Insofar And Only Insofar as the same relate to Northern Natural Gas Division (Co. #179):

FERC	A/C DESCRIPTION
101	PLANT IN SERVICE
105	PLT HLD FUTURE USE (Plant Held for Future Use)
107	CONST W-I-P (Construction Work in Progress)
107	CONSTRUCTION WIP (Construction Work in Progress)
108	ACCUM PROV RWIP (Accumulated Provision for Retire Work in Progress)
108	DD&A - OTHER GAS PLANT (Depreciation, Depletion & Amortization-Other Gas Plan)
108	ACCUM PROV FOR DEPREC (Accumulated Provision for Depreciation)
110	DD&A - UNDERGRD STORAGE (Depreciation, Depletion and Amortization-Underground Storage)
117	GAS STORED UNDERGROUND NON CURRENT
124	OTHER SPECIAL DEPOSITS
131	CASH
135	SPECIAL ADV-FUNDS (Special Advance-Funds)
135	PETTY CASH FUNDS
142	CUSTOMER ACCTS RECEIVABLE (Customer Accounts Receivable)
143	OTH A/R-EMPLOYEES (Other Accounts/Receivable-Employees)
143	TRAVEL ADVANCES
143	ACCTS REC-TEMP ADV (Accounts Receivable-Temporary Advances)
143	OTH A/R-OTH (Other Accounts Receivable-Other)
143	OTHER INVESTMENTS
144	PROV FOR UNCOLLECT ACCTS (Provision for Uncollectible Accounts)
146	ACCTS REC-ASSOC CO (Accounts Receivable-Associated Companies)
151	FUEL STOCK
154	PLT MATL/OP SUPPLIES (Plant Materials/Operating Supplies)
165	PREPAYMENTS-GAS PURCHASES
165	GAS STORED UNDERGROUND CURRENT
166	ADV GAS EXP-DEV & PROD (Advances for Gas Exploration, Development and Production)
167	OTHER ADVANCES-GAS (Miscellaneous Current & Accrued Assets-Exchange Gas)
174	MISC C7A ASSETS-EXCHG GAS
184	CLEARING
186	MISC DEF DR-OTHER WIP (Miscellaneous Deferred Debts-Other Work in Progress)
189	UNAMT LOSS REACQ DEBT (Unamortized Loss on Reacquired Debt)
190	ADIT-ASSET-UTILITY (Accumulated Deferred Income Tax-Asset-Utility)
201*	COMMON STOCK ISSUED
211*	MISCELLANEOUS PAID-IN CAPITAL
232	GAS PURCH PAYABLE (Gas Purchase Payable)
232	VOUCHERS PAYABLE
233	ADVANCES FROM ASSOCIATED CO (Advances From Associated Companies)
236	SALES TAX PAYABLE
236	USE TAXES
242	MISC C7A LIAB-EXCHG GAS (Miscellaneous Currents & Accrued Liabilities-Exchange Gas)
253	OTHER DEFERRED CREDITS
255	ACCUM DEF INV TAX CREDIT (Accumulated Deferred Investment Tax Credit)
257	UNAMORT GAIN REACQ DEBT (Unamortized Gain on Reacquired Debt)
282	ADSIT-LIB DEPN-UTIL (Accumulated Deferred Income Tax-Liberal Depreciation-Utility)
283	ADIT-NONUTIL-CURRENT (Accumulated Deferred Income Tax - Non-Utility Current)

* FOR USE AFTER INCORPORATION

ATTACHMENT F

EXECUTION COPY

PURCHASE AND SALE AGREEMENT

between

DYNEGY INC.

NNGC HOLDING COMPANY, INC.

and

MIDAMERICAN ENERGY HOLDINGS COMPANY

Dated as of July 28, 2002

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PURCHASE AND SALE AGREEMENT

PURCHASE AND SALE AGREEMENT, dated as of July 28, 2002, between DYNEGY INC., an Illinois corporation ("Dynegy"), NNGC HOLDING COMPANY, INC., a Delaware corporation ("NNGC Holding" and together with Dynegy, "Sellers") and MIDAMERICAN ENERGY HOLDINGS COMPANY, an Iowa corporation ("Buyer").

RECITALS:

Dynegy owns 1,000 shares of the Series A Preferred Stock, $1.00 par value per share (the "Series A Preferred Stock"), of Northern Natural Gas Company, a Delaware corporation ("NNGC").

NNGC Holding owns 1,002 shares of common stock, $1.00 par value per share (the "Common Stock"), of NNGC.

Sellers desire to sell, transfer and deliver to Buyer, and Buyer desires to purchase from Sellers, all of the Series A Preferred Stock and the Common Stock (collectively, the "Shares"), on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the respective representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS

1.1. Specific Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

"Affiliate" shall mean, with respect to any specified Person, any other Person directly or indirectly controlling, controlled by or under common control with such specified Person.

"Affiliate Contract" shall have the meaning set forth in Section 3.13(b).

"Agreement" shall mean this Purchase and Sale Agreement, together with all exhibits and schedules hereto, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"Alternative Transaction" shall have the meaning set forth in Section 5.14.

"Applicable Laws" shall mean, with respect to any Person, all statutes, laws, ordinances, rules, orders and regulations of any Governmental Authority applicable to such Person and its business, properties and assets.

"Benefit Plan" shall mean: (i) each "employee benefit plan," as such term is defined in Section 3(3) of ERISA, (ii) each plan that would be an employee benefit plan if it was subject to ERISA, such as foreign plans and plans for directors, (iii) each stock bonus, stock ownership, stock option, stock purchase, stock appreciation rights, phantom stock, or other stock plan

(whether qualified or nonqualified), and (iv) each bonus, deferred compensation or incentive compensation plan; provided, however, that such term shall not include (a) routine employment policies and procedures developed and applied in the ordinary course of business and consistent with past practice, including wage, vacation, holiday, and sick or other leave policies, (b) workers compensation insurance, and (c) directors and officers liability insurance.

"Business" shall mean the business currently conducted by NNGC.

"Business Day" shall mean a day other than a Saturday, Sunday or other day on which banks located in New York City are authorized or required by law to close.

"Buyer" shall have the meaning set forth in the preamble to this Agreement.

"Buyer Indemnified Parties" shall have the meaning set forth in Section 8.2(a).

"Buyer Savings Plan" shall have the meaning set forth in Section 5.5(g).

"Buyer's Review Period" shall have the meaning set forth in Section 2.5(b).

"Cap" shall have the meaning set forth in Section 8.2(c).

"Closing" shall mean the closing of the transactions contemplated by this Agreement.

"Closing Date" shall have the meaning set forth in Section 2.3.

"Closing Date Balance Sheet" shall have the meaning set forth in Section 2.5(a).

"Closing Date Working Capital" shall mean the Working Capital as of the Closing Date.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"Common Stock" shall have the meaning set forth in the recitals to this Agreement.

"Confidentiality Agreement" shall mean the Confidentiality Agreement between Dynegy Holdings Inc. and Buyer, dated as of July 2, 2002.

"Continuing Employee" shall have the meaning set forth in Section 5.5(b).

"CPA Firm" shall have the meaning set forth in Section 2.5(b).

"Credit Agreement" shall mean the Credit Agreement dated as of November 19, 2001 among NNGC, the banks named therein, Citicorp North America, Inc. as Paying Agent, JPMorgan Chase Bank as Collateral Trustee and Issuing Bank and Citicorp North America, Inc. and JPMorgan Chase Bank as Co-Administrative Agents, as amended, restated, modified or supplemented from time to time.

"Current Balance Sheet" shall mean the balance sheet of NNGC as of June 30, 2002 included in the Financial Statements.

"Data Room" means the presentation materials in Omaha, Nebraska prepared by Sellers to assist Buyer in its investigation of NNGC.

"Deductible" shall have the meaning set forth in Section 8.2(c).

"Disclosure Letter" shall mean a letter of even date herewith delivered by Sellers to Buyer prior to the execution of this Agreement setting forth, among other things, items of disclosure relating to any or all of the representations and warranties of Sellers; provided, that (i) no item is required to be set forth in the Disclosure Letter as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect and (ii) the inclusion of an item in the Disclosure Letter shall not be deemed an admission by Sellers that such item represents a material exception or fact, event or circumstance or that such item would result in a Material Adverse Effect.

"Dynegy" shall have the meaning set forth in the preamble to this Agreement.

"Encumbrances" shall mean any and all mortgages, security interests, liens, adverse claims, pledges, restrictions, leases, charges, proxies and voting or other agreements, or other legal or equitable encumbrances, limitations or restrictions of any nature whatsoever.

"Environmental Law" means any and all Applicable Laws pertaining to the protection of environmental quality, regulation of any Hazardous Substance, pollutant or contaminant, or the remediation of contamination or damage to the environment or natural resources resulting from a release of any Hazardous Substance, pollutant or contaminant into the environment.

"Equity Securities" shall mean, with respect to a specified Person, any shares of capital stock of, or other equity interests in, or any securities that are convertible into or exchangeable for any shares of capital stock of, or other equity interests in, or any options, warrants or rights of any kind to acquire any shares of capital stock of, or other equity interests in, such Person.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"Escrow Agreement" shall have the meaning set forth in Section 2.2.

"Estimated Working Capital Amount" shall mean the amount set forth on the statement (the "EWCA Statement") attached as Exhibit A.

"EWCA Statement" shall have the meaning set forth in Section 1.1.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"Fee Property" shall have the meaning set forth in Section 3.15(a).

"FERC" shall mean the United States Federal Energy Regulatory Commission, or its predecessor agency, the United States Federal Power Commission.

"Final Working Capital Amount" shall have the meaning set forth in Section 2.5(c).

"Financial Statements" shall mean the audited financial statements of NNGC for the year ended December 31, 2001 and the unaudited financial statements of NNGC for the five month period ended June 30, 2002 in each case included in Section 3.7 of the Disclosure Letter.

"GAAP" shall mean accounting principles generally accepted in the United States of America as in effect from time to time.

"Governmental Authority" shall mean any foreign, federal, tribal, state or local governmental agency or regulatory body or commission or authority (including any court or arbitrator).

"Hazardous Substance" means any substance, whether solid, liquid, gaseous or any combination of the foregoing which is listed, defined or regulated pursuant to any Environmental Law.

"HSR Act" shall have the meaning set forth in Section 3.4.

"Intellectual Property" means the following intellectual property rights, both statutory and common law rights, if applicable: (a) any patent granted by the United States Patent and Trademark Office, as well as any reissued and reexamined patents and extensions corresponding thereto, and any patent applications filed with the United States Patent and Trademark Office, as well as any related continuation, continuation in part, renewals, extensions and divisional applications and patents issuing therefrom; (b) copyrights and registrations for the foregoing; (c) trademarks, service marks, trade names, slogans, domain names, logos, and trade dress, and other indications of origin and registrations and applications for registrations thereof and all goodwill associated therewith; and (d) trade secrets and confidential information, including but not limited to, ideas, designs, concepts, inventions, improvements, compilations of information, methods, techniques, procedures, processes and other know-how, whether or not patentable.

"IP Contracts" shall have the meaning set forth in Section 3.12(b).

"IRS" shall mean the United States Internal Revenue Service.

"Knowledge" and "known" shall mean, with respect to Buyer the knowledge of any officer, director or general manager of Buyer, or with respect to Sellers, the knowledge of any officer, director or general manager of either of Sellers or NNGC.

"Legal Proceedings" shall mean any judicial, administrative or arbitral actions, suits, proceedings (public or private), investigations or governmental proceedings before any Governmental Authority.

"Loss" shall have the meaning set forth in Section 8.2(a).

"Major Firm Contracts" shall have the meaning set forth in Section 3.21.

"Major Shipper" shall have the meaning set forth in section 3.21.

"Material Adverse Effect" shall mean (a) any change or effect that is materially adverse to the business, financial condition, properties, operations, net income or assets of NNGC; or (b) any effect that would prevent or materially impair or delay the ability of the Sellers to perform their obligations under this Agreement or to consummate the transactions contemplated by this Agreement; provided, however, that Material Adverse Effect shall exclude any change or effect due to (i) changes in the international, national, regional or local wholesale or retail markets for natural gas, (ii) rules, regulations or decisions of the FERC affecting the interstate natural gas transmission industry as a whole, except for such effects which disproportionately impact NNGC, (iii) changes in general economic, regulatory or political conditions, commodity prices for oil or natural gas or securities markets in the United States or worldwide or any outbreak of hostility, terrorist activities or war, (iv) changes that affect generally the industry in which NNGC operates, except for such effects which disproportionately impact NNGC, (v) any matter to the extent described as such in the Disclosure Letter, and (vi) the announcement or pendency of the transactions contemplated by this Agreement, or the consummation of the transactions contemplated hereby.

"Material Contract" shall have the meaning set forth in Section 3.13(a).

"NGA" shall have the meaning set forth in Section 3.19.

"NNGC" shall have the meaning set forth in the recitals to this Agreement.

"NNGC Holding" shall have the meaning set forth in the preamble to this Agreement.

"NNGC Insurance Policies" shall have the meaning set forth in Section 3.18(a).

"NNGC Plan" shall mean each of the NNGC VEBA and the NNGC Retiree Program.

"NNGC Retiree Program" shall mean (i) the NNGC Medical and Dental Plan for Retirees and Surviving Spouses and (ii) the portion of the Dynegy Inc. Group Life and Long Term Disability Plan that provides retiree life insurance benefits to retirees of NNGC.

"NNGC VEBA" shall mean the trust established under the Northern Natural Gas Employee Benefit Trust Agreement.

"Objection" shall have the meaning set forth in Section 2.5(b).

"Permitted Encumbrances" shall have the meaning set forth in Section 3.15(a).

"Person" or "person" shall mean and includes any individual, partnership, joint venture, corporation, business trust, association, joint stock company, trust, unincorporated organization, limited liability company or form of business or professional entity.

"Pipeline" shall mean the natural gas pipelines, lateral lines, rights of way, easements, compressors, compressor stations and other related machinery and equipment owned or leased by NNGC and used by NNGC in the conduct of its business.

"Pre-Closing Tax Period" shall mean any taxable period ending on or before the Closing Date and, with respect to any taxable period which includes but does not end on the Closing Date, the portion of such taxable period through and including the Closing Date.

"Pre-Closing Taxes" shall mean (a) any Taxes of NNGC attributable to a Pre-Closing Tax Period; (b) any liability of NNGC for Taxes of any entity affiliated with NNGC on or before the Closing Date pursuant to Treas. Reg. § 1.1502-6 of the Code or any comparable provision or state or local law; and (c) any liability for Taxes of a third party for which NNGC may be liable.

"Proceeding" shall have the meaning set forth in Section 5.11(g).

"Property Restrictions" shall have the meaning set forth in Section 3.15(a).

"Protected Information" shall have the meaning set forth in Section 5.13.

"Real Property" shall have the meaning set forth in Section 3.15(a).

"Retained E-mail" shall mean all electronic mail and other computer based communications stored on any electronic, digital, or other storage or back up media and retained in the ordinary course of Sellers' or any of their respective Affiliates' business or the Business.

"Rights of Way" shall have the meaning set forth in Section 3.15(a).

"Section 338 Forms" shall have the meaning set forth in Section 5.10.

"Section 338(h)(10) Election" shall have the meaning set forth in Section 5.10.

"Securities Act" shall mean the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

"Seller Indemnified Parties" shall have the meaning set forth in Section 8.2(b).

"Sellers" shall have the meaning set forth in the preamble to this Agreement.

"Sellers Group" means the affiliated group of corporations of which Dynegy is the common parent corporation.

"Sellers Plan" shall mean each Benefit Plan (other than an NNGC Plan) that is sponsored, maintained or contributed to as of the Closing Date by a Seller or by any trade or business, whether or not incorporated, that together with a Seller would be a "single employer" within the meaning of Section 4001 (b) of ERISA.

"Sellers Savings Plan" shall have the meaning set forth in Section 5.5(g).

"Series A Preferred Stock" shall have the meaning set forth in the recitals to this Agreement.

"Shares" shall have the meaning set forth in the recitals to this Agreement.

"Shares Purchase Price" shall have the meaning set forth in Section 2.2.

"Straddle Period" shall have the meaning set forth in Section 8.3(b).

"Subsidiary" shall mean, with respect to any Person, (i) any corporation, partnership, limited liability company, joint venture or other legal entity of which such Person (alone or through or together with any other Subsidiary) owns, directly or indirectly, 50% or more of the stock or other equity or partnership interests the holders of which are generally entitled to vote for the election of the board of directors or similar governing body of such corporation, partnership, limited liability company, joint venture or other legal entity and (ii) each partnership in which such Person or another Subsidiary of such Person is the general partner or otherwise controls such partnership.

"Tax" shall mean all net income, gross income, gross receipts, sales, use, ad valorem, transfer, accumulated earnings, personal holding company, excess profits, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, disability, capital stock, or windfall profits taxes, customs duties or other taxes, together with any interest and any penalties, additions to tax or additional amounts imposed by any taxing authority.

"Tax Cap" shall have the meaning set forth in Section 8.2(c).

"Tax Claim" shall have the meaning set forth in Section 8.3(b).

"Tax Items" shall have the meaning set forth in Section 3.9(a).

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto.

"Taxing Authority" means, with respect to any Tax, the governmental entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision, including any governmental or quasi-governmental entity or agency that imposes, or is charged with collecting, social security or similar charges or premiums.

"Transfer Taxes" shall have the meaning set forth in Section 5.12.

"Valuation" shall have the meaning set forth in Section 5.10(c).

"Welfare Benefits" shall have the meaning set forth in Section 5.5(i).

"Working Capital" shall mean total current assets less total current liabilities; provided that total current assets shall exclude accounts receivable from Dynegy or any of its Subsidiaries and/or Affiliates; and provided further that total current liabilities shall exclude (w) short term debt due to third parties, (x) preferred stock dividends payable to Dynegy or any of its Subsidiaries and/or Affiliates, (y) the current portion of any deferred obligations and (z) federal income Taxes payable by NNGC to Dynegy or any of its Subsidiaries and/or Affiliates pursuant

to any Tax sharing arrangements with NNGC or otherwise, pursuant to the terms of this Agreement.

"Working Capital Closing Statement" shall have the meaning set forth in Section 2.5(a).

1.2. Rules of Construction. As used in this Agreement: (a) The words "hereof," "herein," and "hereunder" and derivative or similar words shall refer to this entire Agreement and not to any particular provision of this Agreement; (b) the terms "Article" or "Section" refer to the specified Article or Section of this Agreement; (c) the terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa; (d) the terms "dollars" and "$" shall mean United States dollars; (e) accounting terms which are specifically defined under GAAP and are not otherwise defined herein shall have the respective meanings given to them under GAAP; (f) a Legal Proceeding shall not be "pending" unless and until Sellers shall have received service of process with respect thereto; and (g) all references in this Agreement to times of the day shall be to New York, New York time.

ARTICLE II.
PURCHASE AND SALE

2.1. Purchase and Sale of the Shares. On the terms and subject to the conditions set forth herein, at the Closing, Sellers shall sell, transfer and deliver to Buyer, and Buyer shall purchase from Sellers, 100% of the shares of the Series A Preferred Stock and 100% of the shares of the Common Stock that constitute the Shares free and clear of all Encumbrances.

2.2. Purchase Price. The purchase price for the Shares (the "Shares Purchase Price") shall be an amount equal to $928,000,000, (a) plus the Estimated Working Capital Amount, if it is a positive number, or minus the Estimated Working Capital Amount, if it is a negative number, and (b) minus $3,600,000. If the NNGC VEBA has not been funded with at least $30,522,333 in assets on or before the Closing Date, $30,522,333 of the Shares Purchase Price shall be deposited in an escrow account, with a mutually selected escrow agent, pursuant to an escrow agreement as agreed upon by the parties (the "Escrow Agreement"), which escrow shall be released in accordance with Section 2.5(e) hereof; provided, however, the escrow amount shall be $25,400,000 if the trustee of the NNGC VEBA has notified the Buyer that $5,122,333 has been funded prior to the Closing. The Shares Purchase Price shall be subject to adjustment following the Closing pursuant to Section 2.5.

2.3. Closing. The Closing shall occur on the first Business Day after the date on which all of the conditions to the Closing set forth in Article VI hereof have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions) occurs, or at such other date as the parties hereto shall agree in writing (such date is referred to herein as the "Closing Date") at the offices of Vinson & Elkins L.L.P., 2300 First City Tower, 1001 Fannin Street, Houston, Texas 77002 at 10:00 A.M., local time, or at such other place as the parties hereto may agree in writing.

2.4. Deliveries at Closing. (a) At the Closing, Buyer shall deliver to Sellers, (i) an amount of cash equal to the Shares Purchase Price, in immediately available funds by wire transfer to the account or accounts designated in writing by Sellers not less than one Business

Day prior to the Closing Date; and (ii) the certificates and other documents to be delivered pursuant to Section 6.3.

(b) At the Closing, Sellers shall deliver to Buyer, (i) a certificate or certificates representing the Shares, duly and validly endorsed to or registered in the name of Buyer or its nominees or accompanied by separate stock powers duly and validly executed by Dynegy or NNGC Holding, as applicable; and (ii) the certificates and other documents to be delivered pursuant to Section 6.2.

2.5. Purchase Price Adjustment. (a) Within 30 days following the Closing Date, Buyer shall, at its expense, prepare, or cause to be prepared, and shall deliver to Sellers a balance sheet of NNGC as of the Closing Date (the "Closing Date Balance Sheet") and a statement of Buyer (the "Working Capital Closing Statement"), which shall set forth in reasonable detail its calculation of the Closing Date Working Capital. Buyer and Seller may mutually agree to determine the Closing Date to be an end of the month date. The Closing Date Balance Sheet and the Working Capital Closing Statement, respectively, shall be prepared on a basis consistent with the Current Balance Sheet and the EWCA Statement, respectively, using the same accounting methods, policies, practices, procedures and adjustments as were used in the preparation of the Current Balance Sheet and the EWCA Statement, respectively. The Working Capital Closing Statement shall be prepared based on the books and records of NNGC as of the Closing Date, and Sellers shall grant Buyer, NNGC and their representatives reasonable access to all books, records, employees and facilities of Sellers that are reasonably necessary to enable Buyer to prepare the Closing Date Balance Sheet and the Working Capital Closing Statement. Sellers agree to cooperate, and shall not interfere, directly or indirectly, in the preparation of the Closing Date Balance Sheet and the Working Capital Closing Statement. Buyer shall give Sellers and their representatives reasonable access to all work papers, books, records, employees and facilities of Buyer that are reasonably necessary for purposes of reviewing, verifying and auditing the Closing Date Balance Sheet and the Working Capital Closing Statement.

(b) Sellers shall have 20 days after receipt to review the Working Capital Closing Statement and to inform Buyer in writing of any disagreement (the "Objection") which they may have with the Working Capital Closing Statement. If Buyer does not receive the Objection within such 20-day period, the Closing Date Working Capital amount set forth in the Working Capital Closing Statement delivered pursuant to Section 2.5(a) shall be deemed to have been accepted by Sellers and shall become binding upon Buyer and Sellers. Sellers' Objection shall set forth all of Sellers' proposed changes thereto, including an explanation in reasonable detail of the basis on which Sellers propose such changes. If Sellers do timely deliver the Objection to Buyer, Buyer shall then have 20 days from the date of receipt (the "Buyer's Review Period") to review and respond to Sellers' Objection. Sellers and Buyer agree to attempt in good faith to resolve any disagreements with respect to the determination of Closing Date Working Capital. If they are unable to resolve all of their disagreements with respect to the determination of Closing Date Working Capital within 30 days following the expiration of the Buyer's Review Period, they may refer, at the option of either party, their differences to KPMG Peat Marwick LLP, or if KPMG Peat Marwick LLP shall decline to accept such engagement, an internationally recognized firm of independent public accountants selected jointly by Sellers and Buyer and who has no material financial relationship with either, who shall determine only with respect to the differences so submitted, whether and to what extent, if any, the amount of Closing Date

Working Capital set forth in the Working Capital Closing Statement requires adjustment. If Sellers and Buyer are unable to so select independent public accountants within five days of KPMG Peat Marwick LLP declining to accept such engagement, either Sellers or Buyer may thereafter request that the American Arbitration Association make such selection (as applicable, KPMG Peat Marwick LLP, the firm selected by Sellers and Buyer or the firm selected by the American Arbitration Association is referred to as the "CPA Firm"). Sellers and Buyer shall direct the CPA Firm (i) that it shall not assign a value to any particular item greater than the greatest value for such item claimed by Sellers or Buyer or less than the smallest value for such item claimed by Sellers or Buyer, in each case as presented to the CPA Firm, and (ii) to use its best efforts to render its determination within 30 days. The CPA Firm's determination shall be conclusive and binding upon Sellers and Buyer. The fees and disbursements of the CPA Firm shall be shared equally by Sellers and Buyer. Sellers and Buyer shall make readily available to the CPA Firm all relevant books and records relating to the Working Capital Closing Statement and all other items reasonably requested by the CPA Firm. Neither Sellers nor Buyer have retained the KPMG Peat Marwick LLP audit services group during the past two years, and will not retain the KPMG Peat Marwick LLP audit services group prior to the completion of the determination of the Final Working Capital Amount pursuant to this Section 2.5.

(c) If the Closing Date Working Capital determined in accordance with the procedures set forth in this Section 2.5 (the "Final Working Capital Amount") is less than the Estimated Working Capital Amount, then Sellers shall, within three Business Days following the determination of the Final Working Capital Amount, pay to Buyer an amount in cash equal to such deficiency, and if the Final Working Capital Amount is greater than the Estimated Working Capital Amount, then Buyer shall, within such three Business Days following the determination of the Final Working Capital Amount, pay to Sellers an amount in cash equal to such difference.

(d) The amount payable by Sellers to Buyer or from Buyer to Sellers, as the case may be, under Section 2.5(c) shall be paid by wire transfer of immediately available funds to an account designated by Buyer or Sellers, as the case may be, not less than one Business Day before such payment.

(e) From time to time after the Closing, that portion of the escrowed amount shall be released to Sellers as further provided in the Escrow Agreement to the extent such amount of the NNGC VEBA has been funded in accordance with the terms of the Escrow Agreement.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers hereby jointly and severally represent and warrant to Buyers as follows:

3.1. Organization and Qualification. Each Seller is a corporation, validly existing and in good standing under the laws of the jurisdiction of its incorporation. NNGC is a corporation, duly formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation. NNGC has the requisite corporate power and authority to own and operate its assets and properties and to carry on its business as conducted on the date hereof. NNGC is duly qualified to do business and is in good standing in each jurisdiction where the ownership or operation of its assets and properties or the conduct of its business requires such qualification,

except where the failure to be so qualified or in good standing, as the case may be, would not, individually or in the aggregate, have a Material Adverse Effect. Section 3.1 of the Disclosure Letter sets forth the jurisdictions in which NNGC is qualified to do business. Sellers have made available to Buyer accurate and complete copies of the certificate of incorporation and bylaws of NNGC, with all amendments thereto to the date hereof.

3.2. Capitalization of NNGC. (a) The authorized capital stock of NNGC consists of 10,000 shares of Common Stock, and 1,000 shares of Series A Preferred Stock. NNGC Holding owns beneficially and of record all of the outstanding Common Stock of NNGC and has valid and marketable title to the Shares free and clear of all Encumbrances other than (i) the restrictions imposed pursuant to that certain Stock Pledge Agreement between NNGC Holding and Citicorp North America, Inc. dated as of November 19, 2001, (ii) the restrictions imposed pursuant to that certain Voting Trust Agreement among NNGC Holding, NNGC and Wilmington Trust Company, dated as of November 19, 2001 and (iii) restrictions on transfer that may be imposed by federal or state securities laws. The Series A Preferred Stock constitutes the only preferred stock of NNGC issued and outstanding. Dynegy owns beneficially and of record all of the Series A Preferred Stock free and clear of any Encumbrance other than restrictions on transfer that may be imposed by federal or state securities laws. All of the outstanding capital stock of NNGC has been duly authorized, validly issued, is fully paid and nonassessable and is not subject to, or been issued in violation of, any preemptive rights. Except for (i) the restrictions imposed pursuant to that certain Stock Pledge Agreement between NNGC Holding and Citicorp North America, Inc. dated as of November 19, 2001 and (ii) the restrictions imposed pursuant to that certain Voting Trust Agreement among NNGC Holding, NNGC and Wilmington Trust Company, dated as of November 19, 2001, there are no voting trusts or other agreements or understandings to which any of the Sellers or NNGC is a party with respect to the voting of the Shares. There is no indebtedness of NNGC having general voting rights issued and outstanding. Except for this Agreement, there are no outstanding securities, options or warrants, agreements or commitments of any character relating to the Equity Securities of NNGC or obligating NNGC or any other Person to grant, issue, deliver or sell, repurchase, redeem or otherwise acquire or cause to be granted, issued, delivered, repurchased, redeemed or otherwise be acquired or sold, any Equity Securities of NNGC.

(b) NNGC does not own, directly or indirectly, any Equity Securities of any Person. There are no voting trusts, proxies or other agreements, commitments or understandings of any character to which Sellers or any of their respective Subsidiaries are a party or by which Sellers or any of their respective Subsidiaries are bound with respect to the voting of any Equity Securities of NNGC except for the agreements described in clauses (i) and (ii) of Section 3.2(a).

3.3. Corporate Authorization. Each Seller has the requisite corporate power and authority to execute, deliver and to perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement. The execution, delivery and performance by each Seller of this Agreement and the consummation by each Seller of the transactions contemplated by this Agreement has been duly authorized by all necessary corporate and stockholder action on the part of each Seller.

3.4. Consents and Approvals. No material consent, approval, order or authorization of, or registration, declaration or filing with, or notification to, any Governmental Authority, or

any other Person, is required to be made or obtained by NNGC or either Seller in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, except (i) as set forth in Section 3.4 of the Disclosure Letter, (ii) for the filing of a premerger notification and report form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act"), and (iii) as may be necessary as a result of any facts or circumstances relating solely to Buyer.

3.5. Non-Contravention. Assuming that the consents, approvals, authorizations, registrations, declarations, filings and notifications described in Section 3.4 have been obtained or made, the execution, delivery and performance of this Agreement by each Seller, and the consummation of the transactions contemplated hereby, do not and will not (i) violate any provision of the certificate of incorporation or bylaws of NNGC or either Seller, (ii) result in the material breach of, or constitute a material default under, or give to others any rights of termination, cancellation or acceleration of any right or obligation material to NNGC or either Seller (in each case whether after the filing of notice or the lapse of time or both) under, or result in the creation of any Encumbrance on any assets or properties of NNGC pursuant to, any material agreement, lease, contract, note, mortgage, indenture, or obligation of any kind to which NNGC is a party or bound or to which the Shares are subject, or (iii) materially violate, or result in a material breach of any material Applicable Law or judgment, order, writ, injunction or decree of any Governmental Authority to which any Seller, NNGC, the Shares or any of the property or assets of NNGC is subject, other than the agreements referenced in clauses (i) and (ii) of Section 3.2(a) and the Credit Agreement.

3.6. Binding Effect. This Agreement has been duly executed and delivered by each Seller and, assuming this Agreement has been duly authorized, executed and delivered by Buyer, constitutes a valid and legally binding obligation of each Seller, enforceable against each Seller in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

3.7. Financial Statements; Undisclosed Liabilities; Absence of Changes. (a) The Financial Statements (including the related notes and schedules) fairly present in all material respects the financial position of NNGC as of their dates, and each of the statements of operations, cash flows and stockholders' equity included in the Financial Statements (including any related notes and schedules) fairly presents in all material respects the results of operations, cash flows or stockholders' equity, as the case may be, of NNGC for the periods set forth therein (except in the case of unaudited statements, the omission of a statement of stockholders' equity and footnotes), in each case in accordance with GAAP consistently applied during the periods involved, except as required by changes in GAAP or as may be noted therein, and have been prepared based upon the books of accounts and records of NNGC.

(b) Except as and to the extent set forth on the Current Balance Sheet, including all notes thereto, NNGC does not have any material liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) that would be required to be reflected on, or reserved against in, a balance sheet of NNGC or in the notes thereto prepared in accordance with GAAP consistently applied, other than (i) liabilities and obligations that have arisen since the date of the Current Balance Sheet in the ordinary course of business, (ii) liabilities and obligations arising

since the Current Balance Sheet under executory contracts entered into in the ordinary course of business, including liabilities relating to material hedging arrangements, forward sales contracts and derivative arrangements of NNGC, each of which material arrangement or contract is set forth in Section 3.13(a)(x) of the Disclosure Letter, (iii) liabilities and obligations set forth in Section 3.7 of the Disclosure Letter.

(c) Except as set forth in Section 3.7 of the Disclosure Letter, since February 1, 2002 and until the date hereof and to the Sellers' Knowledge from December 31, 2001 until February 1, 2002, NNGC has conducted its businesses only in the ordinary course of business, consistent with past practice, and has not, during such period, taken any of the actions described in Section 5.1(b), except in connection with entering into this Agreement. Except as set forth in Section 3.7 of the Disclosure Letter, since December 31, 2001 and until the date hereof there has not been:

(i) Destruction of, damage to, or loss of, any material asset of NNGC (whether or not covered by insurance); or

(ii) Any event or condition that has had, or would be reasonably expected to have, a Material Adverse Effect.

3.8. Legal Proceedings. Except as set forth in Section 3.8 of the Disclosure Letter, as of the date hereof, there are no Legal Proceedings pending or, to the Sellers' Knowledge, threatened against or involving NNGC or either Seller that, individually or in the aggregate, are reasonably likely to (i) have a Material Adverse Effect or (ii) prevent or materially impair or delay the ability of either Seller to perform its obligations under this Agreement or to consummate the transactions contemplated by this Agreement. NNGC is not subject to any judgment, order, writ, injunction or decree of any Governmental Authority which has had or is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect. Notwithstanding the foregoing, Sellers make no representation or warranty in this Section 3.8 as to any state or federal rulemaking or similar proceeding of general applicability.

3.9. Taxes. (a) Except as set forth in Section 3.9(a) of the Disclosure Letter, (i) all Tax Returns which were required to be filed by or with respect to NNGC have been duly and timely filed, (ii) all items of income, gain, loss, deduction and credit or other items ("Tax Items") required to be included in each such Tax Return have been so included and all such Tax Items and any other information provided in each such Tax Return is true, correct and complete in all material respects, (iii) all Taxes shown on each such Tax Return have been timely paid in full, (iv) no penalty, interest or other charge is or will become due with respect to the late filing of any such Tax Return or late payment of any such Tax, (v) any liability of or with respect to NNGC for Taxes not yet due and payable, or which are being contested in good faith in appropriate proceedings, has been provided for on NNGC's financial statements in accordance with GAAP, (vi) there is no Legal Proceeding now pending against, or with respect to, NNGC in respect of any material Tax or material Tax assessment, nor is any material claim for additional material Tax or material assessment asserted by any Tax Authority pending, (vii) since January 1, 1998, no written claim has been made by any Tax Authority in a jurisdiction where NNGC (or the Sellers with respect to NNGC) does not currently file a Tax Return that it is or may be subject to Tax by such jurisdiction, nor to the Sellers' Knowledge is any such assertion threatened in writing, (viii) Sellers are not "foreign persons" within the meaning of Section 1445 of the Code,

(ix) all Tax withholding and deposit requirements imposed on or with respect to NNGC have been satisfied in full in all respects, and (x) there are no mortgages, pledges, liens, encumbrances, charges or other security interests on any of the assets of NNGC that arose in connection with any failure (or alleged failure) to pay any Tax.

(b) (i) NNGC (or the Sellers with respect to NNGC) has no agreement in force for and no outstanding request for any extension of time within which to pay its Taxes or file its Tax Returns; and (ii) NNGC (or the Sellers with respect to NNGC) is not a party to any agreement, whether written or unwritten, providing for the payment of Taxes, payment of Tax losses, entitlements to refunds or similar Tax matters.

(c) NNGC (or Sellers on behalf of NNGC) is not a party to any Tax allocation or sharing agreement that will survive the Closing.

3.10. Employee Benefits. (a) Section 3.10(a) of the Disclosure Letter sets forth a list, as of the date hereof, of (i) the NNGC Plans and (ii) all Sellers Plans sponsored, maintained or contributed to by NNGC. On or before the date hereof, Sellers have made available to Buyer copies of each of the following, to the extent applicable, with respect to each NNGC Plan: the most recent annual report (Form 5500) filed with the Pension and Welfare Benefits Administration, the plan document, the trust agreement, if any, the most recent summary plan description, the most recent actuarial report or valuation that is required to be prepared under Applicable Laws, and the most recent determination letter, if any, issued by the IRS.

(b) NNGC does not contribute to, and has no obligation to contribute to, a multiemployer plan (within the meaning of Section 3(37) of ERISA) or a Benefit Plan (other than a Sellers Plan) subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code. The transactions contemplated by this Agreement will not subject Buyer to any liability under Title IV of ERISA with respect to any NNGC Plan or Sellers Plan.

(c) With respect to any "employee benefit plan," within the meaning of Section 3(3) of ERISA, that is a Sellers Plan (i) no withdrawal liability, within the meaning of Section 4201 of ERISA, has been incurred, which withdrawal liability has not been satisfied, (ii) no liability to the Pension Benefit Guaranty Corporation has been incurred by Sellers or by any trade or business, whether or not incorporated, that together with a Seller would be a "single employer" within the meaning of Section 4001(b) of ERISA, which liability has not been satisfied, nor does any condition exist which could reasonably be expected to result in any such liability, (iii) no accumulated funding deficiency, whether or not waived, within the meaning of Section 302 of ERISA or Section 412 of the Code has been incurred, and (iv) all contributions (including installments) to such plan required by Section 302 of ERISA and Section 412 of the Code have been timely made.

(d) Except as otherwise set forth in Section 3.10(d) of the Disclosure Letter:

(i) With respect to each NNGC Plan, NNGC has substantially performed all material obligations, whether arising by operation of Applicable Law or by contract, required to be performed by it, and no event has occurred and, to the Sellers' Knowledge, there exists no condition or set of circumstances in connection with which NNGC could

be subject to any material liability for failure to operate and administer such NNGC Plan in accordance with its terms or any Applicable Law;

(ii) Each NNGC Plan intended to be qualified under Section 401 of the Code (A) materially satisfies in form the requirements of such Section except to the extent amendments are not required by Applicable Law to be made until a date after the Closing Date, (B) has received a favorable determination letter from the IRS regarding such qualified status, and (C) has not been operated in a way that would adversely affect its qualified status;

(iii) There are no material actions, suits, or claims pending (other than routine claims for benefits) with respect to any NNGC Plan or its assets, and, to the Sellers' Knowledge, there is no matter pending (other than routine qualification determination filings) with respect to any NNGC Plan before any Governmental Authority; and

(iv) All contributions required to be made to NNGC Plans pursuant to their terms and the provisions of ERISA, the Code, or any other Applicable Law have been timely made.

(e) In connection with the consummation of the transactions contemplated by this Agreement, no payments of money or other property, acceleration of benefits, or provision of other rights have been or will be made to any current or former employee or director of NNGC, under any agreement, or under any NNGC Plan or Sellers Plan that would be nondeductible under Section 280G of the Code, whether or not some other subsequent action or event would be required to cause such payment, acceleration, or provision to be triggered.

3.11. Compliance with Laws; Permits. Except as relates to Tax matters (which are provided for solely in Section 3.9) and Environmental Matters (which are provided for solely in Section 3.16), (i) NNGC is in material compliance with all Applicable Laws, (ii) NNGC has all material permits, licenses, certificates of authority, consents, orders and approvals of, and has made all material filings, applications and registrations with, Governmental Authorities that are required in order for NNGC to own and operate its assets and properties and to carry on its business as conducted on the date hereof, and such permits, licenses, certificates of authority, orders and approvals are in full force and effect and NNGC is in material compliance therewith, (iii) to the Sellers' Knowledge, no event has occurred and is continuing which permits, or after notice or lapse of time or both would permit, any modification or termination of any such permit, license, certificate of authority, consent, order or approval, and (iv) none of Sellers nor NNGC has received any notice, and no claim or action is pending, or to the Sellers' Knowledge, threatened against NNGC alleging any material violation of the matters set forth in clauses (i) and (ii).

3.12. Intellectual Property. (a) Section 3.12 (a) of the Disclosure Letter sets forth a list of all issued patents and patent applications, copyright and trademark registrations and applications and material unregistered trademarks and copyrights owned by NNGC and currently used in the Business.

(b) The material agreements licensing Intellectual Property to NNGC (the "IP Contracts") are valid, binding and enforceable by NNGC in accordance with their respective terms (except where enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and except where enforceability is subject to the application of equitable principles or remedies). NNGC is not in material breach or violation of, or material default under, any of the IP Contracts.

(c) Subject to the items listed in Section 3.12(c) of the Disclosure Letter, NNGC owns, or has the license or right to use, without annual payments to any other person in excess of $100,000 (other than pursuant to contracts set forth in Section 3.12(c) of the Disclosure Letter), all material Intellectual Property currently used to conduct the Business as presently conducted, and to the Sellers' Knowledge the consummation of the transactions contemplated hereby will not conflict with, alter or impair any such rights. All Intellectual Property owned by NNGC is owned free and clear of all Encumbrances, except for Permitted Encumbrances.

(d) As of the date hereof, to Sellers' knowledge, the Intellectual Property owned by NNGC does not infringe any patent of any third party. To Sellers' knowledge, the Intellectual Property owned by NNGC does not infringe any copyright, registered trademark or trade secret of any third party. No third party has asserted against NNGC a claim in writing, and there is no suit, action or proceeding pending or, to the Knowledge of NNGC and Sellers, threatened, alleging that NNGC is infringing the Intellectual Property of any third party or challenging NNGC's ownership or use of, or the validity or enforceability of, any Intellectual Property owned or used by NNGC. To the knowledge of NNGC and Sellers, no third party is infringing the Intellectual Property owned or exclusively licensed by NNGC, except for any such infringement which could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. NNGC takes reasonable measures to protect the confidentiality of its material trade secrets. To the knowledge of NNGC and Sellers, no employee, independent contractor or agent of NNGC has misappropriated any material trade secrets or other material confidential information of any third party in the course of the performance of his or her duties as an employee, independent contractor or agent of NNGC.

3.13. Contracts. (a) Section 3.13(a) of the Disclosure Letter sets forth a list, as of the date hereof, of each of the following contracts or agreements or arrangements to which NNGC is a party, or by which NNGC or any of its properties are bound (each contract or agreement or arrangement set forth in Section 3.13(a) of the Disclosure Letter being referred to herein as a "Material Contract"; provided that no NNGC Plan or Sellers Plan shall be a Material Contract):

(i) any commitment, agreement, note, loan, evidence of indebtedness, letter of credit or guarantee of the indebtedness for borrowed money of others that Sellers reasonably anticipate will, in accordance with its terms, involve aggregate payments by NNGC of more than $200,000 within the remaining term of such agreement;

(ii) any lease under which NNGC is the lessor or lessee of real or personal property, which lease (A) cannot be terminated by NNGC without penalty upon not more than 180 calendar days' notice and (B) involves an annual base rental in excess of $1,000,000;

(iii) any contracts or agreements containing covenants limiting the freedom of NNGC to engage in any line of business or geographic area or compete with any Person;

(iv) any employment agreements;

(v) any pending sale of real or personal property of NNGC (other than sales of natural gas, natural gas liquids, or other terms of inventory in the ordinary course of business) in excess of $100,000;

(vi) any gas purchase contracts, gas sales contracts, gas processing agreements, gas storage agreements, transportation agreements, natural gas liquids sales contracts, and gathering agreements (1) providing for receipt or payment by NNGC of more than $3,000,000 annually or (2) which may not be terminated without payment or penalty with notice of one (1) year or less;

(vii) any purchase order or contract requiring a capital expenditure or a commitment for a capital expenditure not included in the capital forecast previously provided to Buyer in the Summary Information Memorandum dated July 2002 and in excess of $100,000;

(viii) any obligation to make future payments, contingent or otherwise, in excess of $100,000 arising out of or relating to the acquisition or disposition of any business, assets, or stock of other companies by NNGC;

(ix) any purchase order not in the ordinary course of business and greater than $250,000;

(x) any hedging arrangements, forward sales contracts and derivative arrangements in excess of a notional amount of $500,000 and a term of over one year; or

(xi) any NNGC regulatory rate settlement agreement approved by the FERC since the NNGC's 1998 Rate Case Settlement Agreement approved by the FERC on June 18, 1999.

(b) Section 3.13(b) of the Disclosure Letter sets forth a list, as of the date hereof, of each contract or agreement that NNGC has with an Affiliate (an "Affiliate Contract").

(c) To the Sellers' Knowledge, NNGC is not in breach or violation of, or default under, any of the Material Contracts. Each Material Contract is a valid agreement, arrangement or commitment of NNGC, enforceable against NNGC in accordance with its terms and, to the Sellers' Knowledge, is a valid agreement, arrangement or commitment of each other party thereto, enforceable against such party in accordance with its terms, except in each case where enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and except where enforceability is subject to the application of equitable principles or remedies. True and complete copies of the Material Contracts and Affiliate Contracts have heretofore been made available to Buyer.

3.14. Brokers. Except for Merrill Lynch & Co., whose fees will be paid by Dynegy, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Sellers or NNGC or any of their affiliates or Subsidiaries who is entitled to any fee or commission from Sellers or NNGC in connection with the transactions contemplated by this Agreement.

3.15. Real and Personal Property; Sufficiency of Assets of NNGC. (a) (i) Except as set forth in Section 3.15(a) of the Disclosure Letter, NNGC owns marketable fee title to, or holds a valid leasehold interest in, or right-of-way easement (collectively, the "Rights of Way") through, all real property ("Real Property") used or necessary for the conduct of NNGC's business as it is presently conducted and as NNGC's business is proposed to be conducted as of the date hereof, including, without limitation, all real property required for the construction, operation and maintenance of the Pipeline, and has good and valid title to all of the material tangible assets and properties which it owns and which are reflected on the Financial Statements (except for assets and properties sold, consumed or otherwise disposed of in the ordinary course of business since the date of the Financial Statements), and (ii) all such Real Property, assets and properties (other than Rights of Way) are owned or leased free and clear of all Encumbrances, except in the case of Real Property, assets and properties other than Rights of Way for (A) Encumbrances set forth in Section 3.15(a) of the Disclosure Letter, (B) liens for current Taxes not yet due and payable or for Taxes the validity of which is being contested in good faith, (C) Encumbrances to secure indebtedness reflected on the Financial Statements, (D) Encumbrances which will be discharged on or prior to the Closing Date, (E) rights of way, easements, written agreements, laws, ordinances and regulations affecting building use and occupancy or reservations of interest in title (collectively, "Property Restrictions") imposed or promulgated by law or any Governmental Authority with respect to Real Property, including zoning regulations, provided they do not materially adversely affect the current use of the applicable Real Property, (F) mechanics', carriers', workmen's and repairmen's liens and other Encumbrances, Property Restrictions and other limitations of any kind, if any, which do not materially detract from the value of or materially interfere with the present use or the use proposed of any Real Property subject thereto or affected thereby and which have arisen or been incurred in the ordinary course of business and (G) Encumbrances that do not materially detract from the value or materially interfere with the present use of the asset subject thereto or the proposed use of the asset (clauses (A) through (G) above referred to collectively as "Permitted Encumbrances"). Section 3.15(a) of the Disclosure Letter sets forth a list of all Real Property which NNGC owns in fee (such Real Property, "Fee Property"). Except as set forth in Section 3.15(a) of the Disclosure Letter, to NNGC's and Sellers' Knowledge, NNGC's interests in (1) the Fee Property are exclusive, indefeasible and perpetual and (2) all Rights of Way are perpetual.

(b) There are no material structural defects relating to any of the improvements to the Real Property and all tangible assets and property owned or used by NNGC are in good operating condition, ordinary wear and tear excepted. To the Sellers' Knowledge, all improvements to the Real Property owned or used by NNGC do not encroach in any respect on property of others (other than encroachments that would not materially impair the operations of NNGC).

(c) The assets owned or leased by NNGC or used under the Transition Services Agreement dated January 31, 2002 constitute all of the assets, properties and rights used by the

Sellers, the Sellers' affiliates and NNGC to conduct the business of NNGC and the operation of its Pipeline as currently conducted.

(d) There is no pending or, to the Sellers' Knowledge, threatened condemnation of any part of the Real Property by any Governmental Authority which would materially adversely affect NNGC's current use of the applicable Real Property.

3.16. Environmental Matters. Except as set forth in Section 3.16 of the Disclosure Letter, (a) the properties and operations of NNGC are in material compliance with all applicable Environmental Laws; (b) NNGC is not subject to any existing, pending or, to the Sellers' Knowledge, threatened Legal Proceeding by or before any Governmental Authority under any Environmental Law; (c) all material permits, licenses and similar authorizations required to be obtained or filed by NNGC under any Environmental Law for the conduct of NNGC's business have been obtained or filed, are valid and currently in full force and effect, and are freely transferable to Buyer should such permit transfer be necessary; (d) there has been no release of any Hazardous Substance, pollutant or contaminant into the environment by NNGC or in connection with NNGC's properties or operations that could reasonably be expected to give rise to material fines, penalties or remedial obligations under Environmental Laws; (e) there has been no material exposure of any Person or property to any Hazardous Substance, pollutant or contaminant in connection with the properties or operations of NNGC that could reasonably be expected to form the basis of a claim for damages or compensation; and (f) the Sellers have no Knowledge that the NNGC properties are adversely affected by any release, threatened release, or disposal of a Hazardous Substance originating or emanating from any other property and for which NNGC has liability.

3.17. Labor Relations. (a) (i) NNGC is not a party to, or bound by, any labor or collective bargaining agreements; (ii) NNGC is not the subject of any representation or certification proceedings, or petitions seeking a representation proceeding, and, to the Sellers' Knowledge, no such proceeding is threatened in writing to be brought or filed with the National Labor Relations Board or any other labor relations tribunal or authority with respect to NNGC; and (iii) to the Sellers' Knowledge, there are no organizing activities involving NNGC with respect to any group of employees of NNGC.

(b) Except as set forth in Section 3.17(b) of the Disclosure Letter, (i) there are no material strikes, work stoppages, slowdowns, or lockouts, pending or, to the Sellers' Knowledge, threatened in writing against or involving NNGC; and (ii) there are no material unfair labor practice charges, complaints, grievances, arbitrations, or other labor disputes filed or, to the Sellers' Knowledge, threatened in writing by or on behalf of any employee or group of employees of NNGC.

3.18. Insurance. (a) Set forth in Section 3.18(a) of the Disclosure Letter is a list of all material policies of insurance (other than policies of insurance relating to the NNGC Plans) which Sellers, their Subsidiaries or NNGC maintains for NNGC with respect to its assets or operations (the "NNGC Insurance Policies") including summary coverage terms and expiration dates. All premiums due and payable with respect to such policies have been paid and no notice of collection of or written indication of an intention not to renew has been received by Sellers or NNGC.

(b) Except as set forth in Section 3.18(b) of the Disclosure Letter, all such NNGC Insurance Policies are in full force and effect and coverage of NNGC under the NNGC Insurance Policies will terminate upon the Closing Date. NNGC is not in default under any provisions of the NNGC Insurance Policies, and there is no claim by NNGC or any other person pending under any of the NNGC Insurance Policies as to which coverage has been questioned, denied or disputed by the underwriters or issuers of such NNGC Insurance Policies. NNGC has not received written notice from an insurance carrier issuing any NNGC Insurance Policies that alteration of any equipment or any improvements located on Real Property, purchase of additional equipment, or modification of any of the methods of doing business of NNGC, will be required or suggested after the date hereof. The NNGC Insurance Policies maintained are adequate in accordance with industry standards and the requirements of any Material Contracts and are in at least the minimum amounts required by Applicable Law, rule, or regulation of any Governmental Authority, including, without limitation, Environmental Laws.

3.19. Regulatory Matters. NNGC is a "Natural Gas Company" as that term is defined in Section 2 of the Natural Gas Act ("NGA"). NNGC is not a "public utility company," "holding company" or "subsidiary" or "affiliate" of a "registered holding company" as such terms are defined in the Public Utility Holding Company Act of 1935 (the "1935 Act"). NNGC is in material compliance with all provisions of the NGA and all rules and regulations promulgated by the FERC pursuant thereto. NNGC is in material compliance with all orders issued by FERC that pertain to all terms and conditions and rates charged for services. No approval of (i) the Securities and Exchange Commission under the 1935 Act or (ii) FERC under the NGA or the Federal Power Act is required in connection with the execution of this Agreement by the Sellers or the transaction contemplated hereby with respect to the Sellers.

3.20. Books and Records of NNGC. The stock transfer records of NNGC are, and the NNGC minute books for periods after February 1, 2002 and, to the Sellers' Knowledge, for periods prior thereto, are complete and correct in all material respects.

3.21. Existing Firm Transportation Customers. Section 3.21 of the Disclosure Letter sets forth a complete and correct list of the firm and interruptible transportation and storage contracts of the Pipeline which resulted in over $3,000,000 in demand and commodity revenue for the twelve (12) months ended December 31, 2001 ("Major Firm Contracts").

As of the date of this Agreement, except as set forth in Section 3.21 of the Disclosure Letter,

(i) NNGC is not engaged in any material dispute with any of the shippers under the Major Firm Contracts ("Major Shipper"),

(ii) There has been no material adverse change in the Major Firm Contracts since January 1, 2002, and

(iii) No Major Shipper has notified NNGC, in writing in accordance with the notice provisions of their agreements of any adverse modification or change in the Major Firm Contracts.

(iv) Since January 1, 2002, NNGC has not at any time delivered to, or received from, any Major Shipper any formal written notice or written allegation of a default or breach with respect to any Major Firm Contract and none of such Major Shippers has, or, to the Sellers' knowledge, intends to terminate or not exercise any option to renew.

3.22. Health and Safety Matters. Except as set forth in Section 3.22 of the Disclosure Letter, (a) the properties and operations of NNGC are in material compliance with all applicable health and safety and pipeline safety laws, and have been in material compliance with applicable health and safety and pipeline safety laws, except for historical non-compliance that would not reasonably be expected to result in material fines, penalties or obligations; (b) to the Sellers' Knowledge, since July 1, 1997, there have been no Pipeline ruptures resulting in serious injury, loss of life, or material property damage; and (c) to the Sellers' Knowledge, there are no material defects, corrosion or other damage to the Pipeline that would create a risk of material pipeline integrity failure.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF BUYERS

Buyer hereby represents and warrants to Sellers as follows:

4.1. Organization and Qualification. Buyer is a corporation, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the requisite corporate power and authority to own and operate its assets and properties and to carry on its business as conducted on the date hereof.

4.2. Corporate Authorization. Buyer has the requisite corporate power and authority to execute, deliver and to perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement. The execution, delivery and performance by Buyer of this Agreement and the consummation by Buyer of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate and stockholder action on the part of Buyer.

4.3. Consents and Approvals. No material consent, approval, order or authorization of, or registration, declaration or filing with, or notification to, any Governmental Authority, or any other Person, is required to be made or obtained by Buyer in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, except for the filing of a premerger notification and report form under the HSR Act.

4.4. Non-Contravention. Assuming the consents, approvals, authorizations, registrations, declarations, filings and notifications described in Section 4.3 have been obtained or made, the execution, delivery and performance of this Agreement by Buyer, and the consummation of the transactions contemplated hereby, do not and will not (i) violate any provision of the certificate of incorporation or the bylaws of Buyer; (ii) result in the material breach of, or constitute a material default under, or give to others any rights of termination, cancellation or acceleration of any right or obligation material to Buyer or any of its Subsidiaries (in each case whether after the filing of notice or the lapse of time or both) under, or result in the

creation of any Encumbrance on any assets or properties of NNGC pursuant to, any material agreement, lease, contract, note, mortgage, indenture or obligation of any kind to which Buyer or its Subsidiaries is a party or bound; or (iii) materially violate, or result in a material breach of any material Applicable Law or judgment, order, writ, injunction or decree of any Governmental Authority to which Buyer or any of its Subsidiaries is subject.

4.5. Binding Effect. This Agreement has been duly executed and delivered by Buyer and, assuming this Agreement has been duly authorized, executed and delivered by each Seller, constitutes a valid and legally binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4.6. Brokers. There is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Buyer or any Subsidiary of Buyer who is entitled to any fee or commission from Sellers or any of their Affiliates in connection with the transactions contemplated by this Agreement.

4.7. Financing. Buyer has on the date hereof, and as of the Closing will have, sufficient cash, available lines of credit, or other sources of available funds to enable it to pay the full Shares Purchase Price when required hereunder and to effect the transactions contemplated hereby.

4.8. Investment Intent. Buyer is acquiring the Shares for its own account and for investment and not with a view to a distribution thereof within the meaning of the Securities Act or in violation of any applicable state or federal securities laws.

4.9. Sophistication; Information. (a) Buyer is an experienced and sophisticated investor and has such knowledge and experience in financial and business matters as are necessary to evaluate the merits and risks of an investment in the Shares. Buyer is able to bear the economic risk of this investment regarding NNGC, is able to hold the Shares indefinitely and has a sufficient net worth to sustain a loss of its entire investment in NNGC in the event such loss should occur.

(b) Buyer acknowledges and affirms that it is an "accredited" investor within the meaning of Regulation D of the Securities Act. Buyer acknowledges that (x) the sale of the Shares will not have been registered pursuant to the Securities Act or any applicable state securities laws, (y) that the Shares will be characterized as "restricted securities" under federal securities laws and that under such laws and applicable regulations cannot be sold or otherwise disposed of without registration or an exemption therefrom and (z) any certificates representing the Shares will bear a customary legend regarding restrictions on the transferability of such Shares.

4.10. Legal Proceedings. As of the date hereof, there are no Legal Proceedings pending or, to the Buyer's Knowledge, threatened against or involving Buyer that, individually or in the aggregate, are reasonably likely to prevent or materially impair or delay the ability of Buyer to

perform its obligations under this Agreement or to consummate the transactions contemplated by this Agreement.

ARTICLE V.
COVENANTS

5.1. Conduct of the Business. (a) Except as otherwise contemplated by this Agreement or consented to in writing by Buyer, from the date hereof to the Closing, Sellers shall, taking into account any matters that may arise that are attributable to the pendency of the transactions contemplated by this Agreement, (i) cause NNGC to conduct the Business in all material respects only in the ordinary course, consistent with past practices and in material compliance with Applicable Laws and (ii) use their respective reasonable best efforts to preserve the business organization of NNGC intact, keep available the services of employees of NNGC and preserve the existing relations with customers, suppliers and other Persons with which NNGC has significant business dealings, but Sellers and NNGC shall not be required to make any payments or enter into or amend any contractual arrangements, agreements or understandings to satisfy the foregoing obligation unless such payment or other action is required by Applicable Law, by contractual obligation with such third parties or to operate in the ordinary course consistent with past practices.

Sellers agree to use their best efforts to keep the NNGC Insurance Policies in full force and effect through the Closing Date.

(b) From and after the date hereof to the Closing Date, except as otherwise contemplated by this Agreement or as set forth in Section 5.1(b) of the Disclosure Letter, Sellers shall not permit NNGC, without the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed) to:

(i) (A) increase the compensation payable to or to become payable to or grant any bonuses to any former or present director, officer, employee or consultant, except in the ordinary course of business consistent with past practices for persons who are not former or present officers or directors, (B) enter into or amend any employment, severance, termination or similar agreement or arrangement with any former or present director, officer, employee or consultant, (C) establish, adopt, enter into or amend or modify any Benefit Plan except as may be required by Applicable Law, (D) grant any severance or termination pay, (E) amend or take any other actions to increase the amount of, or accelerate the payment or vesting of, any benefit or amount under any Benefit Plan, policy or arrangement (including the acceleration of vesting, waiving of performance criteria or the adjustment of awards or providing for compensation or benefits to any former or present director, officer, employee or consultant), or (F) contribute, transfer or otherwise provide any cash, securities or other property to any grantee, trust, escrow or other arrangement that has the effect of providing or setting aside assets for benefits payable pursuant to any termination, severance or other change in control agreement; except (1) pursuant to any contract, agreement or other legal obligation of NNGC existing at the date of this Agreement, (2) in the case of severance or termination payments, pursuant to the severance policies adopted by NNGC existing at the date of this Agreement, and (3) as required by Applicable Law;

(ii) declare, set aside or pay any dividend on, or make any other distribution in respect of, outstanding Equity Securities of NNGC;

(iii) (A) directly or indirectly redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding Equity Securities of NNGC, or (B) effect any reorganization or recapitalization or split, combine or reclassify any of the Equity Securities of NNGC or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, such Equity Securities;

(iv) (A) offer, issue, deliver, grant or sell, or authorize or propose the offering, issuance, delivery, grant or sale (including the grant of any Encumbrances or limitations on voting rights), of any Equity Securities of NNGC or (B) amend or otherwise modify the terms of any outstanding Equity Securities the effect of which will be to make such terms more favorable to the holders thereof;

(v) (A) adopt a plan of complete or partial dissolution or liquidation, (B) acquire or agree to acquire, by merging or consolidating with, purchasing Equity Securities in, or purchasing all or a portion of the assets of, or in any other manner, any business or any Person or otherwise acquire or agree to acquire any assets or property of any other Person (excluding capital expenditures), in each case for consideration in excess of $100,000 or for consideration for all such acquisitions in excess of $500,000 or (C) make any loans, advances or capital contributions to, or investments in any Person in excess of $100,000 except for (1) loans, advances and capital contributions, or investments pursuant to and in accordance with the terms of any Material Contract or other legal obligation, in each case existing as of the date of this Agreement, (2) contributions in aid of construction made in the ordinary course, consistent with past practices or (3) customary loans and advances to employees in amounts not material to NNGC;

(vi) make or commit to make any capital expenditures other than (A) those set forth in Section 5.1(b) of the Disclosure Letter, (B) pursuant to contracts, forecasts or plans in existence on the date hereof, (C) reasonable expenditures made by NNGC in connection with any emergency or force majeure events affecting NNGC and (D) other capital expenditures not in excess of $500,000, in the aggregate;

(vii) sell, transfer, lease, exchange or otherwise dispose of, whether by merging, consolidating or in any other manner, or grant any Encumbrance with respect to, any of the material properties or assets of NNGC, except for (A) sales of natural gas and condensate in the ordinary course of business consistent with past practices and (B) sales or other dispositions of property or assets that in the aggregate are not material to NNGC; provided, that the sale or other disposition of the data center located at 7210 Ardmore Street, Houston, Texas 77054 shall be deemed material and shall require the prior written consent of Buyer;

(viii) adopt or propose any amendments to its certificate of incorporation or bylaws;

(ix) (A) change in any material respect any of its methods or principles of accounting in effect at June 30, 2002, except to the extent required to comply with GAAP, (B) make or rescind any material election relating to Taxes (other than any election that must be made periodically and is made consistent with past practice), (C) settle or compromise any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes or (D) change any of its material methods of reporting income or deductions for United States federal income tax purposes from those employed in the preparation of the United States federal income tax returns for the taxable year ended December 31, 2001, except, in each case, as may be required by Applicable Law;

(x) incur, create, assume, guarantee or otherwise become liable for any obligation for borrowed money, purchase money indebtedness or any obligation of any other Person, whether or not evidenced by a note, bond, debenture, guarantee, indemnity or similar instrument, except for (A) refinancings of existing indebtedness, (B) additional indebtedness not exceeding $100,000 in the aggregate, and (C) trade payables incurred in the ordinary course of business consistent with past practice; provided that in the case of (A) - (C), no additional non-current liabilities shall be incurred, created, assumed, guaranteed or otherwise become the liability or obligation of NNGC;

(xi) pay, discharge, settle or satisfy any claims, liabilities, obligations (absolute, accrued, asserted or unasserted, contingent or otherwise) prior to the same being due in excess of $500,000 in the aggregate, other than (A) in the ordinary course of business consistent with past practices, (B) pursuant to mandatory terms of any agreement, understanding or arrangement as in effect on the date hereof, or (C) NNGC may continue to pursue, prosecute and resolve any pending FERC proceedings;

(xii) take or cause to be taken any action that could reasonably be expected to result in any of the conditions contained in Section 6.1(a) not being satisfied;

(xiii) (A) renew, modify, amend or terminate any Material Contract to which NNGC is a party, or waive, delay the exercise of, release or assign any material rights or claims thereunder in each case except in the ordinary course of business consistent with past practice, (B) enter into or amend in any material manner any contract, agreement or commitment with any former or present director, officer or employee of NNGC or with any Affiliate or associate (as defined under the Exchange Act) of any of the foregoing Persons except to the extent permitted under Section 5.1(b)(i), and (C) enter into any agreements or contracts that if entered into on or prior to the date hereof would be required to be disclosed in Section 3.13(a) of the Disclosure Letter;

(xiv) enter into any agreements, understandings, contracts or commitments with, or engage in any transactions or transfers of assets or liabilities to or from, Sellers or any of their Affiliates other than those allowed by NNGC's natural gas tariff on file with FERC, those expressly contemplated by this Agreement or those listed in Section 3.13(b) of the Disclosure Letter;

(xv) other than routine compliance filings, make any filings or submit any documents or information to FERC without prior consultation with Buyer; or

(xvi) agree in writing or otherwise to take any of the foregoing actions set forth in this Section 5.1(b).

5.2. Access. (a) Prior to the Closing, Sellers shall, and shall cause NNGC to, (a) permit Buyer and its agents (including their counsel, accountants and consultants) to have reasonable and appropriate access upon reasonable advance notice to such books, records, properties, facilities, executive-level personnel, managers, officers, independent accountants, legal counsel and customers of NNGC with respect to the Business as are reasonably necessary to allow Buyer to make such inspections as it reasonably requires to verify the representations and warranties contained in Article III and (b) furnish promptly to Buyer and its representatives such information concerning NNGC, the Business and the properties, contracts, records and personnel as may be reasonably requested to the extent that such access or information is not prohibited by FERC marketing affiliate rules.

(b) Sellers shall have the right to have a representative present at all times of any such inspections, interviews, and examinations conducted at or on the offices or other facilities or properties of Sellers or NNGC. Additionally, Buyer shall hold in confidence all such information on the terms and subject to the conditions contained in the Confidentiality Agreement. Buyer shall have no right of access to, and Sellers shall have no obligation to provide to Buyer, (1) bids received from others in connection with the transactions contemplated by this Agreement and information and analysis (including financial analysis) relating to such bids, or (2) any information the disclosure of which would jeopardize any privilege available to NNGC, Sellers or any of their Affiliates relating to such information or would cause Sellers to breach a confidentiality obligation. Buyer agrees that if Buyer or its authorized representatives receive, or if the information (whether in electronic mail format, on computer hard drives or otherwise) held by NNGC as of the Closing includes information that relates to the business operations or other strategic matters of Sellers, or any of their Affiliates (other than NNGC) such information shall be held in confidence on the terms and subject to the conditions contained in the Confidentiality Agreement, but the term of the restriction on the disclosure and use of such information shall continue in effect as to such information for a period of two years from the Closing. Buyer further agrees that if Sellers or NNGC inadvertently furnishes to Buyer copies of or access to information that is subject to clause (2) of the second preceding sentence, Buyer will, upon Sellers' request, promptly return same to Sellers and Buyer will destroy any and all extracts therefrom or notes pertaining thereto (whether in electronic or other format). Buyer shall indemnify, defend, and hold harmless Sellers and their Affiliates from and against any losses or damages asserted against or suffered by Sellers relating to, resulting from, or arising out of, examinations or inspections made by Buyer or its authorized representatives pursuant to Section 5.2.

(c) Buyer agrees that Sellers may retain (i) a copy of all materials included in the Data Room, together with a copy of all documents referred to in such materials, (ii) copies of all books and records prepared by Sellers or their Affiliates in connection with the transactions contemplated by this Agreement, including bids received from others and information relating to such bids, (iii) copies of any books and records which may be relevant in connection with the

defense of disputes arising hereunder, (iv) all consolidating and consolidated financial information and all other accounting books and records prepared or used in connection with the preparation of financial statements of Sellers (provided that copies shall be provided to the Buyer), and (v) copies of all Retained E-Mail. Sellers agree that all such information shall be held in confidence on the terms and subject to the conditions contained in the Confidentiality Agreement as if Sellers were the receiving party thereunder, but the term of the restriction on the disclosure and use of such information shall continue in effect as to such information for a period of two years from the Closing.

(d) Each party agrees that it will cooperate with and make available to the other parties during normal business hours, all books and records, information, and employees (without substantial disruption of employment) retained and remaining in existence after the Closing Date which are necessary or useful in connection with (i) any Tax inquiry, audit, investigation, or dispute, (ii) any litigation or investigation, or (iii) any other matter requiring any such books and records, information, or employees for any reasonable business purpose, provided that (a) with respect to providing Buyer access to Retained E-Mail, Sellers shall provide access to Buyer upon Buyer's request, and shall furnish Buyer with copies of, only those portions of the Retained E-Mail that pertain or relate to the Business or NNGC or its assets and (b) Sellers shall not be required by this Section 5.2(d) to make available to Buyer any information referred to in clause (1) of the third sentence of Section 5.2(b) or clause (ii) of Section 5.2(c). The party requesting any such books and records, information, or employees shall bear all of the out-of-pocket costs and expenses reasonably incurred in connection with providing such books and records, information, or employees. Sellers may require certain financial information related to the Business for periods prior to the Closing Date for the purpose of filing federal, state, local, and foreign Tax Returns and other governmental reports, and Buyer agrees to furnish such information to Sellers at Sellers' request and expense.

5.3. Appropriate Action; Consents; Filings. (a) Through the Closing Date, Sellers and Buyer will each cooperate with each other and use (and will cause their respective Subsidiaries to use) reasonable best efforts (i) to take, or to cause to be taken, all actions, and to do, or to cause to be done, all things necessary, proper or advisable on its part under this Agreement, Applicable Law or otherwise to consummate and make effective the transactions contemplated by this Agreement, (ii) to obtain promptly from any Governmental Authorities any authorizations or orders required to be obtained by Sellers or Buyer or any of their respective Subsidiaries in connection with the authorization, execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, and (iii) to promptly make all necessary filings, and thereafter make any other required submissions, with respect to this Agreement and prompt consummation of the transactions contemplated hereby required under (A) the HSR Act and (B) any other Applicable Law. Sellers and Buyer will cooperate with each other in connection with the making of all such filings, including providing copies of all such documents to the nonfiling party and its advisors prior to filings and, if requested, will accept all reasonable additions, deletions or changes suggested in connection therewith. Each Seller and Buyer will furnish all information concerning itself, its Subsidiaries and Affiliates required for any application or other filing to be made pursuant to any Applicable Law or any applicable regulations of any Governmental Authority in connection with the transactions contemplated by this Agreement. Sellers and Buyer will file as promptly as practicable and in any event within one Business Day of the date hereof the notification and report form required

by the HSR Act, together with all required supplemental information and request early termination of the waiting period with respect to the sale of the Shares under the HSR Act.

(b) Through the Closing Date, each Seller and Buyer will give prompt notice to the other of (i) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with this Agreement and the transactions contemplated by this Agreement, (ii) any notice or other communication from any Governmental Authority in connection with this Agreement and the transactions contemplated by this Agreement, (iii) any Legal Proceedings commenced or threatened in writing against, relating to or involving or otherwise affecting Sellers, Buyer or their respective Subsidiaries that relate to this Agreement and the transactions contemplated by this Agreement and (iv) if there occurs any event or condition that might reasonably be expected to cause or result in any of its representations or warranties contained herein to be untrue or inaccurate in any material respect or to delay or impede the ability of either Buyer or either Seller, respectively, to consummate the transactions contemplated by this Agreement or to fulfill their respective obligations set forth herein.

(c) Through the Closing Date, Sellers and Buyer agree to cooperate and use their reasonable best efforts to contest and resist any action, including legislative, administrative or judicial action, and to have vacated, lifted, reversed or overturned any order (whether temporary, preliminary or permanent) of any Governmental Authority that is in effect, that restricts, prevents or prohibits the consummation of the transactions contemplated by this Agreement, including the active pursuit of all available avenues of administrative and judicial appeal.

(d) Prior to the Closing Date, each Seller and Buyer will give (or will cause their respective Subsidiaries to give) any notices to third Persons, and use, and cause their respective Subsidiaries to use, their reasonable best efforts to obtain promptly any consents from third Persons (A) necessary, proper or advisable to consummate the transactions contemplated by this Agreement or to satisfy any of the conditions set forth in Article VI, (B) otherwise required under any contracts, licenses, leases or other agreements in connection with the consummation of the transactions contemplated hereby or (C) required to prevent a Material Adverse Effect.

5.4. Announcements. Buyer and Sellers shall consult promptly with each other prior to issuing any press release or otherwise making any public statement with respect to the transactions contemplated by this Agreement or making any filing with respect to such transactions with the Securities and Exchange Commission. Buyer and Sellers shall provide to each of the other parties hereto for review a copy of any such press release, statement or filing, and shall not issue any such press release, or make any such public statement or filing, prior to such consultation and review, unless required by applicable law or the rules of a national securities exchange.

5.5. Employee and Benefit Matters. (a) On or before the Closing, Sellers shall take all actions necessary, if any, to cause NNGC to cease to be an adopting or participating employer under all Sellers Plans.

(b) Buyer shall cause each individual who is employed by NNGC as of the Closing (including, without limitation, each such individual who is on a vacation, sick, disability or other

leave of absence other than an individual who is receiving long-term disability benefits under a Sellers Plan as of the Closing Date) (a "Continuing Employee") to be provided with, subject to the remaining paragraphs of this Section 5.5, employee benefit plans, other compensation, benefits, policies, programs and arrangements that are, in the aggregate, substantially comparable with those provided to similarly situated employees of Buyer. Without limiting the generality of the foregoing, with respect to medical and dental benefits, Buyer shall cause each Continuing Employee and his or her eligible dependents (including all such Continuing Employee's dependents covered immediately prior to the Closing Date by a NNGC Plan or Sellers Plan that is a group health plan) to be covered under a group health plan maintained by Buyer or an Affiliate of Buyer that (i) provides medical and dental benefits to the Continuing Employee and such eligible dependents effective immediately upon the Closing Date and (ii) credits such Continuing Employee, for the year during which such coverage under such group health plan begins, with any deductibles and co-payments already incurred during such year under a NNGC Plan or Sellers Plan that is a group health plan.

(c) Prior to the Closing Date, Sellers shall take all actions necessary to have the members of the administrative committee of the NNGC VEBA resign effective as of the Closing Date.

(d) Buyer shall cause the employee benefit plans and programs maintained after the Closing by Buyer, NNGC and the Affiliates of Buyer to recognize each Continuing Employee's years of service and level of seniority prior to the Closing Date with Sellers, NNGC and their Affiliates (including service and seniority with any other employer that was recognized by Sellers, NNGC or their Affiliates) for purposes of terms of employment, eligibility to participate, vesting and, to the extent not duplicative of any benefits received under any Benefit Plan, the accrual of benefits, vesting and benefit determination under such plans and programs (but not for benefit accrual purposes under any defined benefit pension plan). Buyer shall cause each employee welfare benefit plan or program sponsored by Buyer or one of its Affiliates that a Continuing Employee may be eligible to participate in on or after the Closing Date to waive any preexisting condition exclusion with respect to participation and coverage requirements applicable to such Continuing Employee to the extent such exclusion did not apply with respect to such employee under the corresponding NNGC Plan or Sellers Plan immediately prior to the Closing Date.

(e) Buyer expressly agrees that it assumes all obligations to provide any required notice under the United States Worker Adjustment and Retraining Notification Act or any other Applicable Laws, and to pay all severance payments, damages for wrongful dismissal and related costs, with respect to the termination of any employee of NNGC by Buyer or NNGC that occurs on or after the Closing Date.

(f) Prior to the Closing, Sellers shall cause the employment of the individuals identified in Section 5.5(f)(i) of the Disclosure Letter and the employment of any individual who is receiving long-term disability benefits under a Sellers Plan as of the Closing Date to be transferred from NNGC to a Seller or an Affiliate of a Seller (other than NNGC). After the Closing, Buyer shall cause NNGC to make an employment offer to each individual identified in Section 5.5(f)(ii) of the Disclosure Letter effective as of the date indicated in Section 5.5(f)(ii) of the Disclosure Letter with respect to such individual; provided, however, that NNGC shall not be

required to provide any such individual with such an employment offer if such individual is not employed in the Business by Enron Corp. or an Affiliate of Enron Corp. as of such effective date. If an individual who receives an employment offer from NNGC pursuant to the preceding sentence accepts such employment offer, then such individual shall be treated as a Continuing Employee for purposes of this Section 5.5 (other than paragraph (i) below). Without limiting the scope of the preceding sentence, each such individual who accepts NNGC's employment offer shall (i) receive the benefit of paragraph (b) above, (ii) receive the benefit of paragraph (b) above by substituting for purposes of such paragraph his or her date of hire by NNGC for the Closing Date and the group health plan maintained by Enron Corp. or an Affiliate thereof for a NNGC Plan or Sellers Plan, (iii) receive the benefit of paragraph (c) above by substituting for purposes of such paragraph his or her date of hire by NNGC for the Closing Date, recognizing such individual's service and seniority with Enron Corp. and its Affiliates, and substituting employee welfare benefit plans and programs of Enron Corp. and its Affiliates for the corresponding NNGC Plans and Sellers Plans, (iv) receive the benefit of paragraph (f) below by substituting the Enron Corp. Savings Plan for the Sellers Savings Plan (but limited to the extent Enron Corp. is willing to take similar actions with respect to outstanding plan loans), and (v) receive the benefit of paragraph (i) below.

(g) Sellers (i) shall take such actions, if any, as may be necessary to provide for the distribution to the Continuing Employees of their vested account balances under the Dynegy Inc. 401(k) Savings Plan (the "Sellers Savings Plan"), (ii) shall permit each Continuing Employee to elect on the Closing Date (or as soon thereafter as reasonably practicable) a direct rollover of his or her rolloverable account balance under the Sellers Savings Plan to a defined contribution plan designated by Buyer (the "Buyer Savings Plan"), and (iii) shall cause the Sellers Savings Plan to deliver to the Buyer Savings Plan as soon as reasonably practicable after the Closing Date the promissory notes and other loan documentation, if any, of the Continuing Employees who have elected such a direct rollover in accordance with the procedures prescribed by Sellers. Sellers and Buyer shall also take such actions, if any, as are necessary to permit the continuation of loan repayments by Continuing Employees to the Sellers Savings Plan during the period beginning on the Closing Date and ending 90 calendar days after the Closing Date; provided, however, that if a Continuing Employee makes a direct rollover election as described in this paragraph within such 90-day period, then the Sellers Savings Plan shall continue to accept loan repayments from such Continuing Employee until the date of such direct rollover. The Buyer Savings Plan shall accept the direct rollover of electing Continuing Employees' benefits in cash and, if applicable, promissory notes that are not accelerated from the Sellers Savings Plan. Sellers represent, covenant and agree with respect to the Sellers Savings Plan, and Buyer represents, covenants and agrees with respect to the Buyer Savings Plan, that, as of each date of a rollover described in this paragraph, such plan (i) satisfies the requirements of Sections 401(a), (k), and (m) of the Code and (ii) will have received, or a pending application will have been timely filed for, a favorable determination letter from the IRS regarding such qualified status and covering amendments required to have been adopted prior to the expiration of the GUST remedial amendment period.

(h) Claims of Continuing Employees and their eligible beneficiaries and dependents for medical, dental, prescription drug, life insurance, and/or other welfare benefits ("Welfare Benefits") (other than disability benefits) that are incurred before the Closing Date shall be the sole responsibility of Sellers and the Sellers Plans. Claims of Continuing Employees and their eligible beneficiaries and dependents for Welfare Benefits (other than disability benefits) that are

incurred on or after the Closing Date shall be the sole responsibility of Buyer and NNGC. For purposes of the preceding provisions of this paragraph, a medical/dental claim shall be considered incurred on the date when the medical/dental services are rendered or medical/dental supplies are provided, and not when the condition arose or when the course of treatment began. Claims of individuals receiving long-term disability benefits under a Sellers Plan as of the Closing Date shall be the sole responsibility of Sellers and the Sellers Plans. Claims of Continuing Employees and their eligible beneficiaries and dependents for short term or long term disability benefits that are made on or after the Closing Date shall be the sole responsibility of Buyer and NNGC (without regard to whether the circumstances giving rise to such claim occurred before, on or after the Closing Date).

(i) With respect to all employees who terminated from employment with NNGC or any of its Affiliates prior to the Closing Date and who have been, or are eligible to be, provided with post-retirement medical, dental and/or life insurance coverage as of the Closing Date under the NNGC Retiree Program, NNGC shall assume and retain any and all liability with respect to the provision of such coverages to such retired employees and their eligible dependents on and after the Closing Date, provided that Buyer shall have the right to make changes to such coverage to the extent permitted under Applicable Laws. Subject to the provision in the preceding sentence, NNGC shall also extend post-retirement medical, dental and/or life insurance coverages to all Continuing Employees (and their eligible dependents). Neither Seller nor any of their Affiliates (other than NNGC) shall have any liability on or after the Closing Date with respect to the provision of post-retirement medical, dental and life insurance coverages for those persons described in the preceding sentences of this paragraph. On or before the Closing Date, Sellers and NNGC shall take any and all actions necessary to cause, effective as of the Closing Date, (i) NNGC to be the sole sponsor of the NNGC Retiree Program and the NNGC VEBA and (ii) the contracts used in connection with the administration and provision of the benefits under the NNGC Retiree Program (other than the Administrative Services Agreement between Dynegy and Hewitt Associates LLC) to be held by NNGC.

5.6. Preservation of Records. Buyer agrees that it shall, at its own expense, preserve and keep the material records relating to the Business that could reasonably be required after the Closing by Sellers for as long as is specified for such categories of records in the document retention program applicable to the Business in effect on the Closing Date provided that Buyer agrees that it shall preserve and keep all books and records of the Business relating to any investigation instituted by a Governmental Authority or Legal Proceeding (whether or not existing on the Closing Date) if any possibility exists that such investigation or legal proceeding may relate to matters occurring prior to the Closing, without regard to the document retention program. In addition, Buyer shall make such records available to Sellers as may be reasonably required by Sellers in connection with, among other things, any insurance claim, Legal Proceeding or governmental investigation relating to the Business. Notwithstanding the foregoing, Sellers shall retain with respect to NNGC all original books, records, reports, Tax Returns and all other information relating to Taxes for taxable periods that end on or prior to the Closing Date. At Buyer's request, Sellers shall provide copies of such retained materials (including computer files and similar electronic media), at Buyer's expense, to Buyer.

5.7. [Intentionally omitted.]

5.8. Settlement of Intercompany Accounts; Guarantees. At or prior to the Closing, Sellers shall cause all intercompany payables, receivables and loans between NNGC, on the one hand, and Dynegy and its Affiliates (other than NNGC), on the other hand, to be settled or canceled, other than as set forth in Section 5.8 of the Disclosure Letter. Buyer and Sellers shall cooperate and use commercially reasonable efforts in order that, effective as of the Closing Date, (i) any guarantees, support or agreement by Dynegy or any of its Subsidiaries (other than NNGC) of NNGC's indebtedness or obligations and any liabilities related thereto as set forth in Section 5.8 of the Disclosure Letter shall be released as to the Dynegy or such Subsidiaries in a manner satisfactory to Dynegy without creation of any material default under the obligation guaranteed or supported and (ii) substitute arrangements, if required, by Buyer or its Affiliates shall be in effect.

5.9. Maintenance of 100% Ownership of the Shares; No Encumbrances. Sellers hereby covenant that, from the date hereof to the Closing, NNGC Holding will maintain ownership of 100% of the Common Stock; and Dynegy will maintain ownership of 100% of the Series A Preferred Stock. Sellers hereby covenant not to issue any equity interest or any options to purchase, or any rights or warrants to subscribe for, or any securities or obligations convertible into, or any contracts or commitments to issue or sell, any equity interest in NNGC to any entity other than Sellers from the date hereof through the Closing. Sellers will not, directly or indirectly, offer for sale, contract to sell, sell, distribute, grant any option, right or warrant to purchase, suffer any Encumbrances upon, pledge, hypothecate or otherwise dispose of any Equity Securities of NNGC, or any other rights to acquire an equity interest in NNGC.

5.10. Section 338(h)(10) Election. (a) Subject to Buyer's review and approval of such filings (including Buyer's review and approval of any allocation of the purchase price and assumed liabilities included therein), which approval shall not be unreasonably withheld, Dynegy shall make a timely election under Section 338(h)(10) of the Code with respect to the purchase of the Shares of NNGC from Enron Corp. and its affiliates pursuant to the Subscription Agreement, dated as of November 9, 2001 by and among Enron Corp., Northern Natural Gas Company and Dynegy Inc. If Buyer notifies Sellers in writing on or before the Closing Date, Sellers and Buyer shall jointly make an election as described in Section 338(h)(10) of the Code, and any corresponding election under state or local law pursuant to which a separate election is permissible, with respect to Buyer's acquisition of the Shares pursuant to this Agreement (the "Section 338(h)(10) Election") Buyer and Sellers agree to report all transfers pursuant to this Agreement consistent with the Section 338(h)(10) Election and shall take no position contrary thereto unless required to do so by applicable tax law pursuant to a determination as defined in Section 1313(a) of the Code.

(b) Buyer shall be responsible for the preparation and filing of all returns, documents, statements and other forms that are required to be submitted to any Tax Authority in connection with the making of the Section 338(h)(10) Election, including, without limitation, any "statement of section 338 election" and IRS Form 8023 (together with any schedules or attachments thereto) that are required pursuant to the Treasury Regulations promulgated under Section 338 of the Code (collectively, the "Section 338 Forms"). Buyer shall deliver each Section 338 Forms to Seller at least 30 days prior to the date such Section 338 Forms are required to be filed. Sellers shall execute and deliver to Buyer such documents or forms (including executed Section 338 Forms) as are requested and are required by any laws in order to properly complete the Section

338 Form at least 20 days prior to the date such Section 338 Form is required to be filed. Sellers shall provide Buyer with such information as Buyer reasonably requests in order to prepare the Section 338 Forms by the later of 30 days after Buyer's request for such information or 30 days prior to the date on which Buyer is required to deliver such forms to Sellers.

(c) The Shares Purchase Price, liabilities of the Company and other relevant items shall be allocated in accordance with Section 338(b)(5) of the Code and the Treasury Regulations promulgated thereunder. Within 90 days following the Closing Date, Buyer shall prepare and provide to Sellers a schedule that sets forth the fair market value of the assets of the Company (the "Valuation"). The allocations set forth in the Valuation shall be reasonably determined by Buyer and shall be binding on Buyer and Sellers unless Sellers, within 10 days of delivery to Sellers of the Valuation, conclude in good faith that the Valuation is manifestly unreasonable. All allocations contained in the Valuation shall be used by each party in preparing the Section 338 Forms and all other relevant Tax Returns, subject to adjustment to reflect (i) Sellers' selling expenses as a reduction of sales proceeds and (ii) Buyer's acquisition expenses as an addition to the Shares Purchase Price, except as otherwise required by law.

(d) Notwithstanding any other provision of this Agreement to the contrary, Sellers agree that any income and gain recognized as a result of, and in accordance with, the making of the Section 338(h)(10) Election will be included in the consolidated federal income tax return of Dynegy's consolidated group and any resulting tax liability will be paid by Dynegy, as the common parent of Dynegy's consolidated group.

5.11. Tax Returns and Transfer Taxes. (a) The Sellers Group Return. Sellers shall cause to be included in the consolidated federal income Tax Returns (and the state income Tax Returns of any state that permits consolidated, combined or unitary income Tax Returns, if any) of the Sellers Group for all periods ending on or before the Closing Date, all Tax Items of NNGC which are required to be included therein, shall cause such Tax Returns to be timely filed with the appropriate Taxing Authorities, and shall be responsible for the timely payment (and entitled to any refund) of all Taxes due with respect to the periods covered by such Tax Returns. The income of NNGC will be apportioned to the period up to and including the Closing Date and the period after the Closing Date by closing the books of NNGC as of the end of the Closing Date.

(b) Returns for Periods Ending on or Before the Closing Date. Sellers shall prepare or cause to be prepared and Buyer shall file or cause to be filed all Tax Returns for NNGC for all periods ending on or prior to the Closing Date which are filed after the Closing Date and are not described in paragraph (a) above. Sellers shall permit Buyer to review and comment on each such Tax Return described in the preceding sentence and shall make such revisions to such Tax Returns as are reasonably requested by Buyer. Sellers shall reimburse Buyer for Taxes of NNGC with respect to such periods within fifteen (15) days after payment by Buyer or NNGC of such Taxes to the extent such Taxes are not reflected in the determination of the Final Working Capital Amount.

(c) Straddle Returns.

(i) With respect to any Tax Return covering a taxable period beginning on or before the Closing Date and ending after the Closing Date that is required to be filed after

the Closing Date with respect to NNGC, Buyer shall cause such Tax Return to be prepared, shall cause to be included in such Tax Return all Tax Items required to be included therein, and at least 30 days prior to the due date (including extensions) of such Tax Return shall furnish a copy of such Tax Return to Sellers. Buyer shall permit Sellers to review and comment on each such Tax Return and shall make such revisions to such Tax Returns as reasonably requested by Sellers. Buyer shall timely file such Tax Return with the appropriate Taxing Authority, and shall be responsible for the timely payment of all Taxes due with respect to the period covered by such Tax Return. Sellers shall pay to Buyer within fifteen days after the date on which such Taxes were paid with respect to such periods an amount equal to the portion of such Taxes determined by an interim closing of the books as of the Closing Date which would have been due with respect to the period covered by such Tax Return if such taxable period ended on and included the Closing Date to the extent such Taxes are not reflected in the determination of the Final Working Capital Amount.

(ii) To the extent permitted by law or administrative practice, (A) the taxable year of NNGC that includes the Closing Date shall be treated as closing on (and including) the Closing Date and (B) all transactions occurring on the Closing Date but after the Closing shall have occurred shall be reported on Buyer's consolidated United States federal income Tax Return to the extent permitted by Treasury Regulation Section 1.1502-76(b)(1)(ii)(B) and shall be similarly reported on other Tax Returns of Buyer or its Affiliates.

(d) State and Local Taxes. Notwithstanding anything to the contrary herein, (1) property Taxes shall be allocated between Sellers and Buyer on a daily basis over the period beginning on the date that ownership of the property results in imposition of the Tax and ending on the day before the next date that ownership of the property results in imposition of the Tax; and (2) franchise, doing business and capital Taxes shall be allocated between Buyer and Sellers on a daily basis over the period for which payment of the Tax provides the right to engage in business.

(e) Consistency. Any Tax Return to be prepared pursuant to the provisions of Section 5.11(b) and (c) shall be prepared in a manner consistent with practices followed in prior years with respect to similar Tax Returns, except for changes required by changes in law or fact.

(f) Refunds. If after the Closing Date Buyer or NNGC receives a refund or utilizes a credit of any Tax attributable to a taxable period (or portion thereof) ending on or before the Closing Date which Tax was not reflected in the determination of the Final Working Capital Amount, Buyer shall pay to Sellers within fifteen calendar days after such receipt an amount equal to such refund received or credit (or so much of such refund or credit as relates to the portion of the taxable period ending on or before the Closing Date and not reflected in the determination of the Final Working Capital Amount) utilized, together with any interest received or credited thereon. If after the Closing Date Sellers receive a refund or utilize a credit of a Tax attributable to a taxable period (or portion thereof) ending on or before the Closing Date which Tax was reflected in the Final Working Capital Amount, Sellers shall pay to Buyer within fifteen calendar days after such receipt an amount equal to such refund received or credit (or so much of such refund or credit as related to the portion of the taxable period ending on or before the

Closing Date that is reflected in the Final Working Capital Amount) utilized, together with any interest received or credited thereon.

(g) Access to Tax Records. Buyer, NNGC and Sellers shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns and any audit, litigation or other proceeding (each a "Proceeding") with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such Proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyer and Sellers agree (i) to retain (or cause to be retained) all books and records with respect to Tax matters pertinent to NNGC relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Buyer or Sellers, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any Taxing Authority, and (ii) to give the other party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other party so requests, NNGC or Sellers, as the case may be, shall allow the other party to take possession of such books and records. Buyer and Sellers further agree, upon request, to use their best efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby). Buyer and Sellers further agree, upon request, to provide the other party with all information that either party may be required to report pursuant to Section 6043 of the Code and Treasury Regulations promulgated thereunder.

5.12. Transfer Taxes. All excise, sales, use, transfer (including real property transfer or gains), stamp, documentary, filing, recordation and other similar taxes, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties, resulting directly from the transactions contemplated by this Agreement (the "Transfer Taxes"), shall be borne as follows: (i) 50% by Sellers and (ii) 50% by Buyer. Any Tax Returns that must be filed in connection with Transfer Taxes shall be prepared and filed when due by the party primarily or customarily responsible under the applicable local law for filing such Tax Returns, and such party shall use reasonable commercial efforts to provide such Tax Returns to the other party at least 10 days prior to the due date for such Tax Returns.

5.13. Confidential Information. During the period commencing on the date of this Agreement and ending on the second anniversary of the Closing Date hereunder, except as required by Applicable Law or stock exchange rule, the Sellers and their affiliates shall not, directly or indirectly, disclose to any person or entity or use in any regulatory rate cases related to NNGC any information not in the public domain or generally known in the industry, in any form, acquired prior to the Closing Date, relating to the business and operations of NNGC, including but not limited to information regarding customers, vendors, suppliers, trade secrets, training programs, manuals or materials, technical information, contracts, systems, procedures, mailing lists, know-how, trade names, improvements, price lists, financial or other data (including the revenues, costs or profits associated with any of NNGC's services), business plans, code books, invoices and other financial statements, computer programs, software systems, databases, discs and printouts, plans (business, technical or otherwise), customer and industry lists, correspondence, internal reports, personnel files, sales and advertising material,

telephone numbers, names, addresses or any other compilation of information, written or unwritten, which is or was used by NNGC, regardless of whether such information was or is owned on the date hereof by NNGC (collectively, "Protected Information").

5.14. Negotiations. From and after the date hereof, the Sellers shall not, and shall not authorize or permit any of their Subsidiaries or its or their officers, directors, employees, affiliates, stockholders, representatives, agents, nor anyone acting on behalf of them, directly or indirectly, to solicit, engage in discussions or negotiations with, or provide any information to, any person, firm, or other entity or group (other than the Buyer or its representatives) concerning any consolidation or merger to which NNGC is a party, sale of all of substantially all of the assets of NNGC, purchase or sale of the Shares or other Equity Securities of NNGC or similar transaction involving NNGC (each an "Alternative Transaction") unless and until this Agreement is terminated pursuant to and in accordance with Article VII hereof. The Sellers shall promptly communicate to the Buyer any written proposals or offers concerning any such Alternative Transaction which they may receive.

5.15. Third Party Software and Domain Name. Prior to Closing, and for a period of 120 days after Closing, Sellers shall, and shall cause their Affiliates to, use their respective commercially reasonable best efforts to obtain assignments of any material third party software used by, or on behalf of, NNGC, the license for which is held by Sellers, their Affiliates, Enron Corp., or any of its Affiliates or which software is owned by Enron Corp. or its Affiliates. Such efforts shall include, as reasonably requested by Buyer, compiling relevant information regarding such licensed software, contacting and negotiating with the licensors of such software and, subsequent to Closing, providing assistance to and cooperation with NNGC in obtaining such assignments. Notwithstanding the foregoing, such efforts shall not require Sellers to expend any monies in consideration for obtaining any of such licensor consents. Sellers shall on or prior to Closing transfer to NNGC the registration for the domain name www.northernnaturalgas.com.

ARTICLE VI.
CONDITIONS TO CLOSING

6.1. Conditions to the Obligations of Buyer and Sellers. The respective obligations of each party to consummate the transactions contemplated hereby are subject to the satisfaction of the following conditions, any or all of which may be waived in writing by the parties hereto, in whole or in part, to the extent permitted under Applicable Laws, on or prior to the Closing Date:

(a) *No Injunctions or Restraints.* No preliminary or permanent injunction or other order issued by any Governmental Authority, nor any statute, rule, regulation, decree or executive order promulgated or enacted by any Governmental Authority, which declares this Agreement invalid or unenforceable in any respect or prevents the consummation of the transactions contemplated hereby, shall be in effect; and no action or proceeding seeking to declare this Agreement invalid or unenforceable in any respect or to prevent the consummation of the transactions contemplated hereby shall have been instituted by the FERC, the Federal Trade Commission or the Department of Justice and be pending before any other Governmental Authority.

(b) *HSR Act.* The waiting period under the HSR Act applicable to the transactions contemplated hereby shall have expired or been terminated.

(c) *Consents Obtained.* All consents, approvals, authorizations and waivers set forth in Section 6.1(c) of the Disclosure Letter shall have been obtained.

6.2. Conditions to the Obligations of Buyer. The obligation of Buyer to consummate the transactions contemplated hereby is further subject to the satisfaction of the following conditions, any or all of which may be waived in writing by Buyer, in whole or in part, on or prior to the Closing Date.

(a) *Representations and Warranties.* The representations and warranties of Sellers made herein shall be true and correct, at and as of the Closing Date (except to the extent that any representation or warranty speaks as of a specified date, in which case such representation or warranty shall be true and correct only as of such specified date), except for (i) changes permitted by this Agreement and (ii) failures of such representations and warranties to be true and correct that without regard to any materiality or Material Adverse Effect standard in such representation or warranty could not, individually or in the aggregate, have a Material Adverse Effect. Buyer shall have received a certificate from each Seller to such effect dated the Closing Date and signed on behalf of such Seller by an authorized officer of such Seller.

(b) *Agreements.* Each Seller shall have performed in all material respects all of its obligations, agreements and covenants required to be performed by it under this Agreement on or prior to the Closing Date. Buyer shall have received a certificate from each Seller to such effect dated the Closing Date and signed on behalf of such Seller by an authorized officer of such Seller.

(c) *No Material Adverse Effect.* Since the date hereof, there shall not have occurred any change, event or condition which has had or could reasonably be expected to have a Material Adverse Effect, nor shall there have been (1) a general rate proceeding initiated by NNGC under Section 4 or by FERC under Section 5 of the NGA or (2) physical damage to NNGC's Pipeline which significantly impairs the operation of the Pipeline or causes a substantial decrease in the throughput of the Pipeline for a period of more than two weeks.

(d) *Resignation of Directors of* NNGC. All of the directors of NNGC shall have tendered their resignations as members of the Board of Directors of NNGC and copies thereof shall have been provided to Buyer.

(e) *Receipt of Documents.* Sellers shall have delivered to Buyer (i) certificates evidencing the Shares, (ii) copies of the certificate of incorporation and the bylaws of NNGC, certified as being true by the Secretary of NNGC, and (iii) a certificate evidencing the good standing of NNGC under the laws of its jurisdiction of incorporation.

(f) *Bankruptcy Filings*. None of Dynegy, Dynegy Holdings, Inc., MCTJ Holding Company LLC, NNGC Holding or NNGC shall have filed, voluntarily or otherwise, any petition for relief under chapter 11, title 11 of the United States Code, 11 U.S.C. § § 101, et seq. on or prior to the Closing Date.

(g) *Opinion of Counsel*. Buyer shall have received an opinion, dated the Closing Date, of Vinson & Elkins L.L.P., counsel to Sellers, stating that Buyer will acquire the Shares free and clear of any adverse claims within the meaning of the Uniform Commercial Code, which opinion shall be in form and substance reasonably satisfactory to Buyer.

(h) There shall be no material default by the Sellers or any of their affiliates (including, without limitation, NNGC) under the Credit Agreement upon or immediately prior to the Closing.

6.3. Conditions to the Obligations of Sellers. The obligation of Sellers to consummate the transactions contemplated hereby is further subject to the satisfaction of the following conditions, any or all of which may be waived in writing by Sellers, in whole or in part, on or prior to the Closing Date:

(a) *Representations and Warranties*. The representations and warranties of Buyer made herein shall be true and correct at and as of the Closing Date (except to the extent that any representation or warranty speaks as of a specified date, in which case such representation or warranty shall be true and correct only as of such specified date) , except for (i) changes permitted by this Agreement and (ii) failures of such representations and warranties to be true and correct that without regard to any materiality standard in such representation or warranty could not, individually or in the aggregate, prevent or materially impair or delay the ability of Buyer to perform its obligations under this Agreement or to consummate the transactions contemplated by this Agreement. Sellers shall have received a certificate to such effect dated the Closing Date and signed on behalf of Buyer by an authorized officer of Buyer.

(b) *Agreements*. Buyer shall have performed in all material respects all of its obligations, agreements and covenants required to be performed by it under this Agreement on or prior to the Closing Date. Sellers shall have received a certificate to such effect dated the Closing Date and signed on behalf of Buyer by an authorized officer of Buyer.

(c) *Release of Guarantees*. Any guaranty, support or other agreement listed in Section 5.8 of the Disclosure Letter by which Dynegy or any Subsidiary of Dynegy (other than NNGC) guarantees or supports NNGC's indebtedness shall be released in a manner reasonably satisfactory to Dynegy without creating any material default under the obligation guaranteed or supported.

(d) *Receipt of Documents and Payment*. Buyer shall have delivered to Sellers the Shares Purchase Price in accordance with Section 2.5.

ARTICLE VII.
TERMINATION

7.1. Termination. This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing:

(a) by mutual written consent of Buyer and Sellers;

(b) by Sellers, if the Closing shall not have occurred on or prior to August 23, 2002 and the condition set forth in Section 6.1(b) shall not have been satisfied; provided, however, that Sellers are not then in material breach of Section 5.3 or Section 5.14.

(c) by Buyer or Sellers, if the Closing shall not have occurred on or prior to October 27, 2002;

(d) by Buyer, so long as Buyer is not then in material breach of its obligations under this Agreement, upon a breach of any covenant or agreement on the part of Sellers set forth in this Agreement, or if any representation or warranty of Sellers shall have been or become untrue, in each case such that the conditions set forth in Section 6.2(a) or (b) would not be satisfied and such breach or untruth (i) cannot be cured by Sellers or (ii) if curable, is not cured within 10 days of the date on which Sellers receive written notice thereof from Buyer;

(e) by Sellers, so long as Sellers are not then in material breach of their obligations under this Agreement, upon a breach of any covenant or agreement on the part of Buyer set forth in this Agreement, or if any representation or warranty of Buyer shall have been or become untrue, in each case such that the conditions set forth in Section 6.3(a) or (b) would not be satisfied and such breach or untruth (i) cannot be cured by Buyer or (ii) if curable, is not cured within 10 days of the date on which Buyer receive written notice thereof from Sellers; or

(f) by Buyer or Sellers, if any competent Governmental Authority shall have issued an order, decree or ruling or taken any other action, which permanently enjoins or prevents or otherwise prohibits the acquisition by Buyer of the Shares and such order, decree, ruling or other action shall have become final and nonappealable.

7.2. Effect of Termination. (a) In the event of termination by Sellers or Buyer pursuant to Section 7.1, written notice thereof stating the provision of Section 7.1 pursuant to which such termination is made shall promptly be given to the other parties hereto. In the event of termination pursuant to Section 7.1, the transactions contemplated by this Agreement shall be terminated and this Agreement shall forthwith become void and have no further effect, except that the provisions of this Article VII and Article VIII shall survive the termination hereof. Nothing in this Section 7.2 shall be deemed to release any party from any liability for any material breach by such party of the terms and provisions of this Agreement occurring before such termination.

(b) In the event that this Agreement is terminated by Sellers pursuant to Section 7.1(b), then Sellers shall pay to Buyer the sum of $10,000,000 within two Business Days following notice of such termination in cash by wire transfer of immediately available funds to an account designated in writing by Buyer.

(c) If this Agreement (i) is terminated pursuant to Sections 7.1(a), (b) or (d) and (ii) Sellers consummate an Alternative Transaction within 12 months of the date of such termination of this Agreement, then Seller shall pay to Buyer the sum of $25,000,000.00 in cash by wire transfer of immediately available funds to an account designated in writing by Buyer on or prior to the date of the closing of the Alternative Transaction; provided, however, that no fee shall be payable if (A) the Agreement is terminable pursuant to Section 7.1(e) (without regard to Section 7.1(e)(i) and (ii)) or (B) this Agreement is terminated by Sellers or Buyer pursuant to Section 7.1(c) and at such time, assuming that the waiting period under the HSR Act had expired or terminated, all of the conditions to the obligations of Sellers and Buyer to consummate the transactions contemplated by this Agreement set forth in Article VI would have been fulfilled or waived in accordance with this Agreement.

(d) The parties hereto agree that if Sellers pay to Buyer the applicable fees provided pursuant to Section 7.2(b) and/or Section 7.2(c), then Buyer shall have no other remedy for such termination or any breach of this Agreement and Buyer shall not assert or pursue in any manner, directly or indirectly, any claim or cause of action against Sellers or any of their affiliates, officers or directors based upon such termination or any breach of this Agreement by Sellers unless Sellers shall have breached or otherwise failed to comply with their obligations set forth in Section 5.14.

ARTICLE VIII.
INDEMNIFICATION

8.1. Survival. The respective representations and warranties of the parties hereto contained herein or in any certificates or other documents delivered pursuant to this Agreement on the Closing shall survive the Closing until April 30, 2003; provided however, that the representations and warranties set forth in Section 3.2 (Capitalization) shall survive indefinitely, the representations and warranties set forth in Section 3.16 (Environmental Matters) shall survive until the fifth anniversary of the Closing Date and the representations and warranties in Section 3.9 (Taxes) shall survive for a period equal to the applicable statute of limitations.

8.2. Indemnification Coverage. (a) Notwithstanding the Closing or the delivery of the Shares and regardless of any investigation at any time made by or on behalf of the Buyer or of any knowledge or information that the Buyer may have, the Sellers shall jointly and severally indemnify and agree to defend, save and hold the Buyer, NNGC and each of their officers, directors, employees, agents and affiliates (other than the Sellers) (collectively, the "Buyer Indemnified Parties") harmless if any such Buyer Indemnified Party shall at any time or from time to time suffer any damage, judgment, fine, penalty, demand, settlement, liability, loss, cost, Tax, expense (including reasonable attorneys', consultants' and experts' fees), claim or cause of action (each, a "Loss") arising out of, relating to or resulting from:

(i) any breach or inaccuracy in any representation by the Sellers or the breach of any warranty by the Sellers contained in this Agreement (other than those contained in Section 3.9) or any certificates or other documents delivered pursuant to this Agreement on Closing;

(ii) any failure by the Sellers to perform or observe any term, provision, covenant, or agreement (other than those contained in Section 5.11) on the part of the Sellers to be performed or observed under this Agreement; and

(iii) any Pre-Closing Taxes or any breach or inaccuracy in any representation or warranty by Sellers in Section 3.9 or any failure by Sellers to perform or observe any term, provision, covenant or agreement on the part of Sellers to be performed or observed under Section 5.11.

(b) Notwithstanding the Closing or the delivery of the Shares and regardless of any investigation at any time made by or on behalf of the Sellers or of any knowledge or information that the Sellers may have, and the Buyer shall indemnify and agree to defend, save and hold the Sellers and its officers, directors, employees, agents and affiliates (collectively, the "Seller Indemnified Parties") harmless if any such Seller Indemnified Party shall at any time or from time to time suffer any Loss arising out of, relating to, or resulting from:

(i) any breach or inaccuracy in any representation by the Buyer or the breach of any warranty by the Buyer contained in this Agreement or any certificates or other documents delivered pursuant to this Agreement on Closing; and

(ii) any failure by the Buyer to perform or observe any term, provision, covenant, or agreement on the part of the Buyer to be performed or observed under this Agreement.

(c) The foregoing indemnification obligations shall be subject to the following limitations:

(i) the Sellers' aggregate liability under Section 8.2(a)(i) and (ii) and the Buyer's aggregate liability under Section 8.2(b) shall not, in either case, exceed $208,800,000 (the "Cap"); provided, however, that the Cap shall not be applicable to breaches under Section 2.5 or 3.2; and the Seller's aggregate liability under Section 8.2(iii) shall not exceed $208,800,000 (the "Tax Cap");

(ii) no indemnification for any Losses asserted against the Buyer or the Sellers, as the case may be, under Section 8.2(a)(i) or (ii) or Section 8.2(b) shall be required unless and until the cumulative aggregate amount of such Losses exceeds $5,000,000, at which point the Sellers or the Buyer, as the case may be, shall be obligated to indemnify the Indemnified Party (as hereinafter defined) only as to the amount of such Losses in excess of $5,000,000 (the "Deductible"); provided, however, that the Deductible shall not be applicable to breaches under Section 2.5 or 3.2 or Losses asserted against Sellers under Section 8.2(a)(iii);

(iii) no indemnification for any Losses asserted against Sellers under Section 8.2(a)(iii) for a breach of any inaccuracy of any representation under Section 3.9 or failure by Sellers to perform any covenant under Section 5.11 shall be required unless and until the cumulative aggregate amount of such Losses exceeds $50,000, at which point Sellers shall be obligated to indemnify the Indemnified Party the full amount of such Losses;

(iv) the amount of any Losses suffered by a Seller Indemnified Party or a Buyer Indemnified Party, as the case may be, shall be reduced by any third-party insurance which such party receives in respect of or as a result of such Losses. If any Losses for which indemnification is provided hereunder is subsequently reduced by any third-party insurance or other indemnification benefit or recovery, the amount of the reduction shall be remitted to the Indemnifying Party (as hereinafter defined);

(v) no claim may be asserted nor may any action be commenced (A) against the Sellers for breach or inaccuracy of any representation or breach of a warranty, unless written notice of such claim or action is received by the Sellers describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim or action on or prior to the date on which the representation or warranty on which such claim or action is based ceases to survive as set forth in Section 8.1 (it being agreed and understood that if a claim for a breach of a representation or warranty is timely made, the representation or warranty shall survive until the date on which such claim is finally liquidated or otherwise resolved), or (B) against the Buyer for breach or inaccuracy of any representation or breach of a warranty, unless written notice of such claim or action is received by the Buyer describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim or action on or prior to the date on which the representation or warranty on which such claim or action is based ceases to survive as set forth in Section 8.1 (it being agreed and understood that if a claim for a breach of a representation or warranty is timely made, the representation or warranty shall survive until the date on which such claim is finally liquidated or otherwise resolved);

(vi) an Indemnified Party shall not be entitled under this Agreement to multiple recovery for the same Losses; and

(vii) no Losses shall be recoverable under this Agreement by an Indemnified Party to the extent that the Losses are capital items that have historically been included in NNGC's rate base.

(d) Notwithstanding anything contained herein, Buyer shall not be entitled to indemnification under this Agreement for any Loss arising out of, relating to or resulting from Legal Proceedings set forth in Section 8.2 of the Disclosure Letter.

8.3. Procedures. (a) With respect to any claim other than a Tax Claim (as defined herein), any Indemnified Party shall notify the Indemnifying Party (with reasonable specificity) promptly after it becomes aware of facts supporting a claim or action for indemnification under this Article VIII, and shall provide to the Indemnifying Party as soon as practicable thereafter all information and documentation reasonably necessary to support and verify any Losses associated

with such claim or action. Subject to Section 8.2(c)(v), the failure to so notify or provide information to the Indemnifying Party shall not relieve the Indemnifying Party of any liability that it may have to any Indemnified Party, except to the extent that the Indemnifying Party demonstrates that it has been materially prejudiced by the Indemnified Party's failure to give such notice, in which case the Indemnifying Party shall be relieved from its obligations hereunder to the extent of such material prejudice. The Indemnifying Party shall defend, contest or otherwise protect the Indemnified Party against any such claim or action by counsel of the Indemnifying Party's choice at its sole cost and expense; provided, however, that the Indemnifying Party shall not make any settlement or compromise without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed) unless the sole relief provided is monetary damages that are paid in full by the Indemnifying Party. The Indemnified Party shall have the right, but not the obligation, to participate at its own expense in the defense thereof by counsel of the Indemnified Party's choice and shall in any event use its reasonable best efforts to cooperate with and assist the Indemnifying Party. If the Indemnifying Party fails timely to defend, contest or otherwise protect against such suit, action, investigation, claim or proceeding, the Indemnified Party shall have the right to do so, and the Indemnified Party shall be entitled to recover the entire cost thereof from the Indemnifying Party, including, without limitation, reasonable attorneys' fees, disbursements and amounts paid as the result of such suit, action, investigation, claim or proceeding.

(b) If a claim is made by any Tax Authority which, if successful, is likely to result in an indemnity payment to Buyer or any of its affiliates pursuant to Section 8.2(a)(iii), Buyer shall notify Sellers of such claim (a "Tax Claim"), stating the nature and basis of such claim and the amount thereof, to the extent known. Failure to give such notice shall not relieve Sellers from any liability which it may have on account of this indemnification or otherwise, except to the extent that Sellers are materially prejudiced thereby. Sellers will have the right, at their option, upon timely notice to Buyer, to assume control of any defense of any Tax Claim (other than a Tax Claim related solely to Taxes of NNGC for any Tax period that begins on or prior to the Closing Date and ends after the Closing Date (each, a "Straddle Period')) with its own counsel; provided, however, such counsel is reasonably satisfactory to Buyer. Sellers' right to control a Tax Claim will be limited to amounts in dispute which would be paid by Sellers or for which Sellers would be liable pursuant to Article VIII. Costs of such Tax Claims are to be borne by Sellers unless the Tax Claim relates to taxable periods ending after the Closing Date, in which event such costs will be fairly apportioned. Buyer and NNGC shall cooperate with Sellers in contesting any Tax Claim, which cooperation shall include the retention and, upon Sellers' request, the provision of records and information which are reasonably relevant to such Tax Claim and making employees available on a mutually convenient basis to provide additional information or explanation of any material provided hereunder. Buyer and Sellers shall jointly control all proceedings taken in connection with any claims for Taxes relating solely to a Straddle Period of NNGC.

8.4. Remedy. Absent fraud, and except as provided in Section 9.11, from and after the Closing the sole remedy of a party in connection with (i) a breach or inaccuracy of the representations, or breach of warranties, in this Agreement or any certificates or other documents delivered pursuant to this Agreement on Closing, or (ii) any failure by a party to perform or observe any term, provision, covenant, or agreement on the part of such party to be performed or observed under this Agreement, shall, in each case, be as set forth in this Article VIII.

ARTICLE IX.
GENERAL PROVISIONS

9.1. Extension; Waiver. The parties hereto may, to the extent legally allowed (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto; (b) waive any inaccuracies in the representations and warranties contained herein; and (c) waive compliance by the other parties with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party. The failure of any party hereto to assert any of its rights hereunder shall not constitute a waiver of such rights.

9.2. Amendment. This Agreement may be amended, modified or supplemented only by written agreement of Buyer and Sellers at any time prior to the Closing.

9.3. Expenses. Each of the parties hereto shall pay the fees and expenses of its respective counsel, accountants and other experts and shall pay all other costs and expenses incurred by it in connection with the negotiation, preparation and execution of this Agreement and the consummation of the transactions contemplated hereby. Except as otherwise specifically provided herein, Sellers shall pay any fees and expenses incurred prior to Closing of any outside counsel, accountants and other experts of NNGC in connection with the negotiation and preparation of this Agreement.

9.4. Governing Law; Venue. (a) This Agreement will be governed by, and construed in accordance with, the laws of the State of New York, without regard to any conflict or choice of law principles that would apply the substantive law of some other jurisdiction.

(b) THE PARTIES HERETO IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE STATE OF NEW YORK SOLELY IN RESPECT OF THE INTERPRETATION AND ENFORCEMENT OF THE PROVISIONS OF THIS AGREEMENT AND THE DOCUMENTS REFERRED TO IN THIS AGREEMENT AND IN RESPECT OF THE TRANSACTIONS CONTEMPLATED HEREBY, AND HEREBY WAIVE, AND AGREE NOT TO ASSERT, AS A DEFENSE IN ANY ACTION, SUIT OR PROCEEDING FOR INTERPRETATION OR ENFORCEMENT HEREOF OR ANY SUCH DOCUMENT THAT IS NOT SUBJECT THERETO OR THAT SUCH ACTION, SUIT OR PROCEEDING MAY NOT BE BROUGHT OR IS NOT MAINTAINABLE IN SAID COURTS OR THAT VENUE THEREOF MAY NOT BE APPROPRIATE OR THAT THIS AGREEMENT OR ANY SUCH DOCUMENT MAY NOT BE ENFORCED IN OR BY SUCH COURTS, AND THE PARTIES HERETO IRREVOCABLY AGREE THAT ALL CLAIMS WITH RESPECT TO SUCH ACTION, SUIT OR PROCEEDING SHALL BE HEARD AND DETERMINED BY SUCH A NEW YORK STATE OR FEDERAL COURT. THE PARTIES HEREBY CONSENT TO AND GRANT ANY SUCH COURT JURISDICTION OVER THE PERSON OF SUCH PARTIES AND OVER THE SUBJECT MATTER OF SUCH DISPUTE AND AGREE THAT MAILING OF PROCESS OR OTHER PAPERS IN CONNECTION WITH SUCH ACTION, SUIT OR PROCEEDING IN THE MANNER PROVIDED IN SECTION 9.5 OR

IN SUCH OTHER MANNER AS MAY BE PERMITTED BY LAW SHALL BE VALID AND SUFFICIENT SERVICE THEREOF.

9.5. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if signed by the respective persons giving them (in the case of any corporation the signature shall be by an officer thereof) and delivered by hand, or mailed registered or certified, return receipt requested, postage prepaid and addressed to the party at the address specified below or sent by electronic transmission (with confirmation) to the telecopier number specified below:

If to Sellers, to:

Dynegy Inc.
1000 Louisiana, Suite 5800
Houston, Texas 77002-6760
Attention: General Counsel
Facsimile: (713) 507-6808

and

NNGC Holding Company, Inc.
1000 Louisiana, Suite 5800
Houston, Texas 77002-6760
Attention: General Counsel
Facsimile: (713) 507-6808

If to the Buyer, to:

MidAmerican Energy Holdings Company
320 South 36th St.
Suite 400
Omaha, NE 68131
Facsimile: (402) 231-1658
Attention: Douglas L. Anderson, Esq.

with a copy to:

Willkie Farr & Gallagher
787 Seventh Avenue
New York, New York 10019
Facsimile: (212) 728-8111
Attention: Peter J. Hanlon, Esq.

LeBoeuf, Lamb, Greene & MacRae, L.L.P.
125 West 55th St.

New York, New York 10019
Facsimile: (212) 424-8500
Attention: William S. Lamb, Esq.

Such names, addresses or telecopier numbers may be changed by notice given in accordance with this Section 9.5. Notices and other communications properly given as aforesaid shall be deemed delivered upon delivery by hand, on the day the sender received telecopier confirmation that such notice was received at the telecopier number of addressee, or on the fifth Business Day following the date of mailing.

9.6. Entire Agreement. This Agreement, together with the Disclosure Letter and all schedules, exhibits, annexes, certificates, instruments and agreements delivered pursuant hereto and the Confidentiality Agreement constitute the entire understanding of the parties hereto with respect to the subject matter contained herein, and supersedes and cancels all prior agreements, negotiations, correspondence, undertakings (expressed or implied) and communications of the parties, oral or written, respecting such subject matter. There are no restrictions, promises, representations, warranties, agreements or undertakings of any party hereto with respect to the transactions contemplated by this Agreement other than those set forth herein or made hereunder. Buyer acknowledge that none of Sellers, NNGC or any other Person has made any representation or warranty, expressed or implied, as to the accuracy or completeness of any information regarding NNGC furnished or made available to Buyer or their representatives, except as expressly set forth in this Agreement and the Disclosure Letter.

9.7. Headings; Construction. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. This Agreement shall be deemed to be joint work product of Buyer and Sellers without regard to the identity of the draftsperson, and any rule of construction that a document shall be interpreted or construed against the drafting party shall not be applicable.

9.8. Counterparts. This Agreement may be executed in multiple counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

9.9. Assignment; Parties in Interest; No Third Party Beneficiaries. Neither this Agreement nor any of the rights, interest or obligations hereunder shall be assigned, directly or indirectly, prior to the Closing Date by any of the parties hereto without the prior written consent of the other parties, except that Buyer shall be permitted to assign its obligations hereunder to a wholly-owned direct or indirect subsidiary of Buyer without such prior written consent so long as Buyer remains obligated with respect to its obligations hereunder. This Agreement shall be binding upon Sellers and Buyer and shall inure to the sole benefit of Sellers and Buyer and their respective successors and permitted assigns. Except as contemplated by Article VIII, nothing in this Agreement, express or implied, is intended to or will confer upon any other Person any rights or remedies under or by reason of this Agreement.

9.10. Severability. The invalidity of any portion hereof shall not affect the validity, force or effect of the remaining portions hereof. If it is ever held that any restriction hereunder is

too broad to permit enforcement of such restriction to its fullest extent, each party agrees that a court of competent jurisdiction may enforce such restriction to the maximum extent permitted by law, and each party hereby consents and agrees that such scope may be judicially modified accordingly in any proceeding brought to enforce such restriction.

9.11. Specific Performance. The parties hereto hereby acknowledge and agree that the failure of any party to this Agreement to perform its agreements and covenants hereunder will cause irreparable injury to the other parties to this Agreement for which monetary damages, even if available, will not be an adequate remedy. Accordingly, each of the parties hereto hereby consents to the granting of equitable relief (including specific performance and injunctive relief) by any court of competent jurisdiction to enforce any party's obligations hereunder. The parties further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such equitable relief and that this Section 9.11 is without prejudice to any other rights that the parties hereto may have for any failure to perform this Agreement.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective duly authorized officers.

DYNEGY INC.

By: _____

Name: Hugh Tarpley
Title:

NNGC HOLDING COMPANY, INC.

By: _____

Name: Keith R. Fullenweider
Title:

MIDAMERICAN ENERGY HOLDINGS COMPANY

By: _____

Name: Gregory E. Abel
Title:

ATTACHMENT G

IOWA

SECRETARY OF STATE

No: W00919004
Date: 05/01/2014

490 DP-219908
BERKSHIRE HATHAWAY ENERGY COMPANY

ACKNOWLEDGEMENT OF DOCUMENT FILED

The Secretary of State acknowledges receipt of the following document:

Articles of Amendment

The document was filed on Apr 30 2014 7:52AM, to be effective as of Apr 30 2014 7:52AM.

The amount of $50.00 was received in full payment of the filing fee.

MATT SCHULTZ / SECRETARY OF STATE

Printed on Recycled Paper

219908

ARTICLES OF AMENDMENT TO THE SECOND AMENDED AND RESTATED ARTICLES OF INCORPORATION OF MIDAMERICAN ENERGY HOLDINGS COMPANY

TO THE SECRETARY OF STATE
OF THE STATE OF IOWA:

Pursuant to the provisions of Sections 490.1001 and 490.1003 and in accordance with Section 490.1006 of the Iowa Business Corporation Act, the undersigned corporation hereby adopts these Articles of Amendment to the corporation's Second Amended and Restated Articles of Incorporation, as amended.

1. The name of the corporation is:

MidAmerican Energy Holdings Company

2. Article I of the Second Amended and Restated Articles of Incorporation is hereby amended by deleting the Article in its entirety and substituting the following therefor:

ARTICLE I.

The name of the corporation is "Berkshire Hathaway Energy Company" (hereinafter sometimes called the "Corporation") and its registered office shall be located at 666 Grand Avenue, Suite 500, Des Moines, Iowa 50309-2580 with the right to establish and maintain branch offices at such other points within and without the State of Iowa as the Board of Directors of the Corporation (the "Board of Directors") may, from time to time, determine. The name of the Corporation's registered agent at such registered office is Paul J. Leighton.

3. The date of adoption of the amendment was April 30, 2014.

4A. The amendment was approved by the shareholders. The designation, number of outstanding shares, number of votes entitled to be cast by each voting group entitled to vote separately on the amendment, and the number of votes of each voting group indisputably represented is as follows:

Voting Group	Shares Outstanding	Entitled to Vote	Number of Votes
Common	77,466,144	77,466,144	77,466,144

(2)

4B. The total number of undisputed votes cast for the amendment by each voting group are as follows:

Voting Group	Total Votes of Shares Voted For	Total Votes of Shares Voted Against
Common	77,466,144	0

5. The number of votes cast for the amendment by each voting group was sufficient for approval by that voting group.

6. These Articles of Amendment shall become effective at the time of filing with the Secretary of State of Iowa.

Date: April 30, 2014

MIDAMERICAN ENERGY HOLDINGS COMPANY

Paul J. Leighton, Vice President and
Assistant Secretary

FILED
IOWA
SECRETARY OF STATE
4.30.14 7:52 A

ATTACHMENT H

BHE Directors 2002 - 2007

2002	David L. Sokol Gregory E. Abel Edgar D. Aronson John K. Boyer Stanley J. Bright Warren E. Buffett Marc D. Hamburg Richard R. Jaros W. David Scott Walter Scott, Jr.
2003	David L. Sokol Gregory E. Abel Edgar D. Aronson John K. Boyer Stanley J. Bright Warren E. Buffett Marc D. Hamburg Richard R. Jaros W. David Scott Walter Scott, Jr.
2004	David L. Sokol Gregory E. Abel Edgar D. Aronson John K. Boyer Stanley J. Bright Warren E. Buffett Marc D. Hamburg Richard R. Jaros W. David Scott Walter Scott, Jr.
2005	David L. Sokol Gregory E. Abel Edgar D. Aronson John K. Boyer Stanley J. Bright Warren E. Buffett Marc D. Hamburg Richard R. Jaros W. David Scott Walter Scott, Jr.
2006	David L. Sokol Gregory E. Abel Warren E. Buffett Marc D. Hamburg Walter Scott, Jr.
2007	David L. Sokol Gregory E. Abel Warren E. Buffett Marc D. Hamburg Walter Scott, Jr.

Exhibit A

PROPOSED SENIOR OFFICER SLATE – 2002

David L. Sokol	Chairman of the Board, Chief Executive Officer
Gregory E. Abel	President, Chief Operating Officer
Patrick J. Goodman	Senior Vice President and Chief Financial Officer
Douglas L. Anderson	Senior Vice President and General Counsel
Keith D. Hartje	Senior Vice President and Chief Administrative Officer

Exhibit A

PROPOSED SENIOR OFFICER SLATE
2003

David L. Sokol	Chairman of the Board, Chief Executive Officer
Gregory E. Abel	President, Chief Operating Officer
Patrick J. Goodman	Senior Vice President and Chief Financial Officer
Douglas L. Anderson	Senior Vice President and General Counsel
Keith D. Hartje	Senior Vice President and Chief Administrative Officer

Exhibit A

PROPOSED SENIOR OFFICER SLATE
2004

David L. Sokol	Chairman of the Board, Chief Executive Officer
Gregory E. Abel	President, Chief Operating Officer
Patrick J. Goodman	Senior Vice President and Chief Financial Officer
Douglas L. Anderson	Senior Vice President and General Counsel
Keith D. Hartje	Senior Vice President and Chief Administrative Officer

Exhibit A

Proposed Senior Officer Slate – 2005

David L. Sokol	Chairman of the Board, Chief Executive Officer
Gregory E. Abel	President, Chief Operating Officer
Patrick J. Goodman	Senior Vice President and Chief Financial Officer
Douglas L. Anderson	Senior Vice President and General Counsel
Keith D. Hartje	Senior Vice President, Communications, General Services, and Safety Audit and Compliance
Maureen E. Sammon	Senior Vice President, Human Resources, Information Technology and Insurance

Exhibit A

Proposed Executive Officer Slate – 2006

David L. Sokol	Chairman of the Board, Chief Executive Officer
Gregory E. Abel	President, Chief Operating Officer
Patrick J. Goodman	Senior Vice President and Chief Financial Officer
Douglas L. Anderson	Senior Vice President and General Counsel
Keith D. Hartje	Senior Vice President, Communications, General Services, and Safety Audit and Compliance
Maureen E. Sammon	Senior Vice President, Human Resources, Information Technology and Insurance

ATTACHMENT I

Report Name : Management Structure
Exported On : 8/28/2019
Entity Name: Berkshire Hathaway Energy Company

Name	Title	Title Role
Abel, Gregory E.	Director	Director
Buffett, Warren	Director	Director
Fehrman, William (Bill) J.	Director	Director
Hamburg, Marc D.	Director	Director
Scott, Walter Jr.	Director	Director
Abel, Gregory E.	Chairman	Officer
Austin, Jeff	Vice President & Chief Accounting Officer	Officer
Erb, Jeffery B.	Chief Corporate Counsel and Corporate Secretary	Officer
Fehrman, William (Bill) J.	President & CEO	Officer
Goodman, Patrick J.	Executive VP & CFO	Officer
Haack, Calvin D.	Vice President & Treasurer	Officer
Hale, Jonathan D.	Vice President, Taxation	Officer
Hocken, Natalie L.	Senior Vice President & General Counsel	Officer
Reiten, R. Patrick	Senior Vice President, Government Relations	Officer
Weisgall, Jonathan M.	Vice President, Federal Regulation/IPP	Officer
Woollums, Cathy S.	Senior Vice President, Chief Sustainability Officer	Officer